

# Dixie Technical College

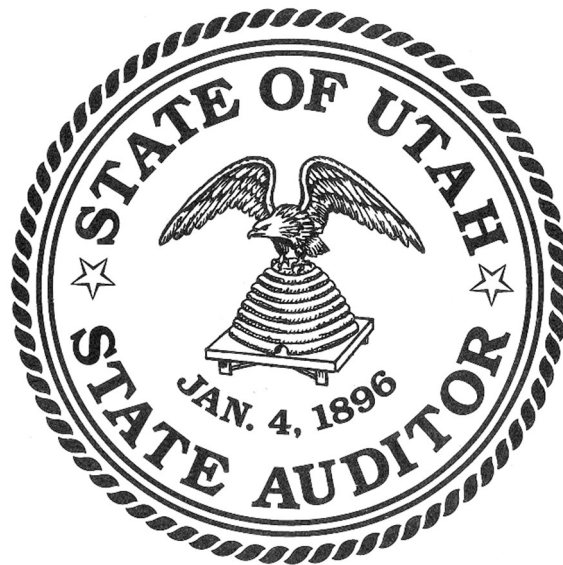
A Component Unit of the State of Utah

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Annual Financial Report  
and  
Government Auditing Standards Report  
*For the Year Ended June 30, 2022*

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Report No. 22-31



## Office of the State Auditor

**AUDIT LEADERSHIP:**

John Dougall, State Auditor

Jason Allen, CPA, CFE, Audit Director

Davis Wesche, Audit Senior

**Dixie Technical College**  
*For The Year Ended June 30, 2022*

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OFFICE OF THE  
**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 (the College) as of and for the year ended June 30, 2022, 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, 2022, 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.

#### *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.

### 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 required supplementary information, such as management's discussion and analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions 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 February 16, 2023 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 State Auditor  
Salt Lake City, Utah  
February 16, 2023

# Dixie Technical College

## Management's Discussion and Analysis

*For the Year Ended June 30, 2022*

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, 2022 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.

# Dixie Technical College

## Management's Discussion and Analysis

For the Year Ended June 30, 2022

**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, 2022 and 2021:

#### Condensed Statement of Net Position

	Year Ended June 30, 2022 Amount	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
<b>Assets</b>				
Current & Other Assets	\$ 2,551,517	\$ 2,128,044	\$ 423,473	19.90%
Capital Assets, Net	45,918,413	46,857,830	(939,417)	(2.00%)
<b>Total Assets</b>	<u>48,469,930</u>	<u>48,985,874</u>	<u>(515,944)</u>	<u>(1.05%)</u>
<b>Deferred Outflows of Resources</b>	<u>150,004</u>	<u>316,155</u>	<u>(166,151)</u>	<u>(52.55%)</u>
<b>Liabilities</b>				
Current Liabilities	1,449,156	1,383,546	65,610	4.74%
Noncurrent Liabilities	7,838,475	8,268,360	(429,885)	(5.20%)
<b>Total Liabilities</b>	<u>9,287,631</u>	<u>9,651,906</u>	<u>(364,275)</u>	<u>(3.77%)</u>
<b>Deferred Inflows of Resources</b>	<u>1,197,404</u>	<u>509,090</u>	<u>688,314</u>	<u>135.20%</u>
<b>Net Position</b>				
Net Investment in Capital Assets	37,639,161	37,831,452	(192,291)	(.51%)
Restricted	237,298	267,044	(29,746)	(11.14%)
Unrestricted	258,440	1,042,537	(784,097)	(75.21%)
<b>Total Net Position</b>	<u>\$ 38,134,899</u>	<u>\$ 39,141,033</u>	<u>\$ (1,006,134)</u>	<u>(2.57%)</u>

Total Assets of the College were slightly lower in fiscal year 2022 compared to the previous year. This was due primarily to increases in the pension asset and accounts receivable offset by decreases in cash and work in progress. Total liabilities were lower by \$364,275. This is a year-over-year reduction of 3.77%. This decrease was mostly due to a reduction in non-current liabilities that were paid down by the note payable on the industrial building a further \$354,357 during FY22.

The net position of the College was down by 2.57% during the fiscal year. That is a reduction of \$1,006,134 from a beginning base of \$39,141,033. Changes in deferred inflows and outflows lowered net position by \$854,465. Changes in deferred outflow and inflows were

# Dixie Technical College

## Management's Discussion and Analysis

For the Year Ended June 30, 2022

due to changes in actuarial calculations for URS pensions. The other decrease in net position of \$151,699 resulting from the reductions in assets greater than the reduction in liabilities.

**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, 2022 and 2021:

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

	Year Ended June 30, 2022 Amount	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
Operating Revenues	\$ 1,682,790	\$ 1,599,934	\$ 82,856	5.18%
Operating Expenses	16,548,205	13,654,124	2,894,081	21.20%
Operating Income (Loss)	(14,865,415)	(12,054,190)	(2,811,225)	(23.32%)
Nonoperating Revenues	13,140,899	12,118,590	1,022,309	8.44%
Income (Loss) Before Other Items	(1,724,516)	64,400	(1,788,916)	2777.82%
Other Revenues and Expenses	718,383	808,921	(90,538)	(11.19%)
Increase (Decrease) in Net Position	(1,006,133)	873,321	(1,879,454)	215.21%
Net Position – Beginning of Year	39,141,033	38,267,712	873,321	2.28%
Net Position – End of Year	\$ 38,134,900	\$ 39,141,033	\$ (1,006,133)	(2.57%)

Dixie Technical College continued its solid growth in fiscal year 2022. Operating revenues increased by 5.18% during the year. This coincides with the increase in enrollment as measured by membership hours, which increased by 11.3% in the fiscal year. The growth, together with inflationary pressures felt by all sectors of the economy, impacted the College with a 21.2% increase in operating expenses. Additional staff along with inflation resulted in a 13.4% increase in personnel costs. Supplies, repairs and maintenance, utilities, and other operational costs were up about 22% as well.

Nonoperating revenue was up 8.44% year over year. The primary driver of the increase was an 11.3% increase in state funding. Gifts and donations from generous community members grew by more than \$190,000 which is an increase of almost 200% compared to the prior year. Those increases were partially offset by a reduction of state and federal grants as pandemic funding wound down.

Other revenues were down by \$90,539 year to year. This resulted from less state DFCM capital projects being completed and put in service during fiscal year 2022 than in 2021.

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



# Dixie Technical College

## Management's Discussion and Analysis

For the Year Ended June 30, 2022

### Condensed Statement of Cash Flows

	Year Ended June 30, 2022 Amount	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
<b>Cash provided (used) by:</b>				
Operating activities	\$ (12,633,890)	\$ (10,638,390)	\$ (1,995,500)	18.76%
Noncapital financing activities	13,460,708	12,448,256	1,012,452	8.13%
Capital financing activities	(1,417,707)	(2,501,970)	1,084,263	(43.34%)
Investing activities	12,287	16,923	(4,636)	(27.39%)
<b>Net change in cash</b>	<b>(578,602)</b>	<b>(675,181)</b>	<b>96,579</b>	<b>(14.30%)</b>
Cash - Beginning of year	1,653,352	2,328,533	(675,181)	(29.00%)
<b>Cash - End of year</b>	<b>\$ 1,074,750</b>	<b>\$ 1,653,352</b>	<b>\$ (578,602)</b>	<b>(35.00%)</b>

Cash used in operations was in line with year-over-year growth and increased by 18.76%. Cash received from noncapital financing also increased, but at a slower rate of 8.13%. Cash used in financing capital projects was also down as there was less capital activity in FY22. As a result of these factors, cash in FY22 decreased by almost the same amount as in FY21. The main reason for decreasing cash each year is principal and interest payments for the industrial building lease that are not covered in the state appropriation or in tuition and fees calculations.

### Outlook for the Coming Fiscal Year

During the pandemic, the Utah legislature cut funding for Dixie Technical College. In the FY22 allocation, funding was increased by 11.3 percent, which helped, but funding was still not back to the pre-pandemic trajectory levels. Washington County continues to grow rapidly, and Dixie Technical College continues to grow correspondingly. The combination of that healthy growth and the setback in funding makes fiscal year 2023 a challenge for the College. The faculty and staff are aware of these challenges and are working to improve efficiency wherever possible, without compromising the mission of the College to provide quality, affordable, relevant training to those residents of Washington County who want to upgrade their skills, and, by extension, improve their community.

# Dixie Technical College

## Statement of Net Position

### For the Year Ended June 30, 2022

#### ASSETS

##### *Current assets*

Cash and Cash Equivalents (Notes 1 and 2)	\$ 1,074,750
Accounts Receivable (Note 3)	368,234
Due from Primary Government / Related Parties	118,043
Inventories (Note 1)	56,562
Prepaid expenses	2,398
<b>Total current assets</b>	<b>\$ 1,619,988</b>

##### *Noncurrent assets*

Net Pension Asset (Notes 1 and 9)	\$ 931,529
Land (Notes 1 and 5)	5,690,232
Buildings and Land Improvements (Notes 1 and 5)	44,312,001
Equipment and Software (Notes 1 and 5)	4,247,293
Less Accumulated Depreciation (Notes 1 and 5)	(8,331,112)
Work In Progress	-
<b>Total noncurrent assets</b>	<b>46,849,942</b>
<b>Total assets</b>	<b>48,469,930</b>

#### DEFERRED OUTFLOWS

##### *Deferred outflows of resources*

Deferred outflows relating to pensions (Notes 1 and 9)	\$ 150,004
<b>Total deferred outflows of resources</b>	<b>150,004</b>

#### LIABILITIES

##### *Current liabilities*

Accounts payable (Note 3)	\$ 215,120
Due to Primary Government/Related Parties (Note 3)	-
Accrued Salaries and Wages Payable	207,394
Unearned revenue	221,208
Notes payable	440,776
Accrued Liabilities	113,405
Compensated Absences (Current Portion) (Notes 1 and 6)	251,253
<b>Total current liabilities</b>	<b>1,449,156</b>

##### *Noncurrent liabilities*

Net Pension Liability (Notes 1,6, and 9)	-
Notes payable	7,838,475
Compensated Absences (Notes 1 and 6)	-
<b>Total noncurrent liabilities</b>	<b>7,838,475</b>
<b>Total liabilities</b>	<b>9,287,631</b>

#### DEFERRED INFLOWS

##### *Deferred inflows of resources*

Deferred inflows relating to pensions (Notes 1 and 9)	1,197,404
<b>Total deferred inflows of resources</b>	<b>1,197,404</b>

#### NET POSITION

Net investment in capital assets	37,639,161
Restricted expendable	237,298
Unrestricted	258,440
<b>Total net position</b>	<b>\$ 38,134,899</b>

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

# Dixie Technical College

## Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2022

### OPERATING REVENUES

Student Tuition and Fees (Net Allowance of \$1,146,617)	\$	1,156,459
Auxiliary Enterprises		391,977
Other Operating Revenues		134,354
<b>Total Operating Revenues</b>		<b>1,682,790</b>

### OPERATING EXPENSES

Salaries and Wages		6,745,800
Benefits		2,547,580
Actuarial Calculated Pension Expense (Note 9)		496,171
Professional and Technical Education Services		612,838
Building Rent, Maintenance and Utilities		385,986
General and Administrative		2,496,198
Scholarships and Grants in Aid		864,162
Cost of Goods Sold		383,121
Depreciation		2,016,349
<b>Total Operating Expenses</b>		<b>16,548,205</b>
<b>Operating Income (Loss)</b>		<b>(14,865,415)</b>

### NONOPERATING REVENUES (EXPENSES)

State appropriations		9,742,300
Federal grants and contracts		1,821,692
State grants and contracts		1,284,305
Gifts		395,061
Investment income		12,287
Interest expense		(332,096)
Gain (Loss) on Disposal of Capital Assets		-
Other nonoperating revenue (expenses)		217,349
<b>Net nonoperating revenues (expenses)</b>		<b>13,140,898</b>
<b>Income (loss) before other revenues (expenses)</b>		<b>(1,724,517)</b>

### OTHER REVENUES (EXPENSES)

Capital appropriations		718,383
Capital grants and gifts		-
<b>Net other revenues (expenses)</b>		<b>718,383</b>

**Increase (decrease) in net position** **(1,006,134)**

### NET POSITION

Net position - Beginning of year		39,141,032
Net position - End of year	\$	<b>38,134,897</b>

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

# Dixie Technical College

## Statement of Cash Flows For the Year Ended June 30, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Tuition and Fees	\$ 1,122,524
Receipts from Grants and Contracts	-
Receipts from Auxiliary Enterprise Charges	430,738
Receipts from Other Operating Revenues	20,659
Payments to Employees for Salaries and Benefits	(9,488,722)
Payments to Suppliers	(3,854,925)
Payments for Scholarships	(864,162)
	<hr/>
Net Cash Used by Operating Activities	(12,633,890)

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts from State Appropriations	10,087,300
Receipts from Noncapital Contracts and Grants	2,760,998
Gifts Received	395,061
Additions to Quasi Endowments	-
Fiscal Agent Funds Receipts	-
Fiscal Agent Funds Payments	-
Other Nonoperating receipts	217,349
	<hr/>
Net Cash Provided by Noncapital Financing Activities	13,460,708

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Paid for Capital Assets	(1,417,707)
Proceeds from Sale of Capital Assets	-
Capital Gifts Received	-
	<hr/>
Net Cash Used by Capital and Related Financing Activities	(1,417,707)

### CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of Interest on Investments	12,287
	<hr/>
Net Cash Provided by Investing Activities	12,287

**Net Increase (Decrease) in Cash and Cash Equivalents** (578,603)

**CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR** 1,653,352

**CASH AND CASH EQUIVALENTS – END OF YEAR** \$ 1,074,749

(continued next page)

# Dixie Technical College

## Statement of Cash Flows

For the Year Ended June 30, 2022

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

Operating Loss	(14,865,415)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,016,349
In-kind Gifts Received and Expensed	-
Difference between Actuarial Calculated Pension Expense and Actual Contributions	295,090
Changes in Assets and Liabilities:	-
Accounts Receivable/Due From State Agencies	(63,890)
Inventories	(6,346)
Prepaid Expenses	30
Accounts Payable/Due to State Agencies/Accrued Expenses	22,739
Unearned Revenue	(38,324)
Compensated Absences and Termination Benefits	5,877
Net Cash Used by Operating Activities	<u><u>\$ (12,633,890)</u></u>

### NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Capital Asset Additions through the State	718,383
Capital Gifts in-kind	-
Total Noncash Investing, Capital and Financing Activities	\$ 718,383

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

# Dixie Technical College

Notes to the Financial Statements

*For the Year Ended June 30, 2022*

## **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.

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

### *Accounts Receivable*

Accounts receivable consist 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 receivable 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*

Prepaid expenses consist of prepaid items. The College paid an instructor for a short-term training course originally scheduled in June of 2022. The class was postponed and not actually taught until July of 2022.

### *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. 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*

Employee vacation and compensation pay is accrued at year end for financial statement purposes. The liability and expense incurred are recorded at year end as accrued liabilities in the Statement of Net Position. Non-Exempt and Exempt employees accumulate five hours per semi-monthly pay period, with additional hours after five years of service, and Executives accumulate 8.33 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.

## Dixie Technical College

Notes to the Financial Statements  
*For the Year Ended June 30, 2022*

### *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:



# Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

## 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.

## **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, 2022, \$193,990 of the College's bank balances of \$443,990 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

## Dixie Technical College

### Notes to the Financial Statements

*For the Year Ended June 30, 2022*

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.

## Dixie Technical College

### Notes to the Financial Statements

*For the Year Ended June 30, 2022*

The College's \$625,374 held in the PTIF is valued using Level 2 inputs by applying the June 30, 2022 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, 2022, the College had investments of \$625,374 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, 2022, 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.

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

### Note 3. Accounts Receivable

Accounts receivable consisted of the following:

	<b>June 30, 2022</b>
Student tuition and fees	\$ 239,235
Due from primary government/related parties	118,044
Misc. customers and partners	<u>165,534</u>
Less allowance for doubtful accounts	<u>(36,536)</u>
<b>Total Accounts Receivable</b>	<b><u>\$ 486,277</u></b>

### Note 4. Restricted Expendable Net Position

Restricted expendable net position consisted of the following:

	<b>June 30, 2022</b>
Custom Fit	\$ 1,015
Private Donor Scholarships	122,199
State Funded Scholarships	43,458
CRRSSA Funded Scholarships	<u>70,625</u>
Total Restricted Expendable	<b><u>\$ 237,297</u></b>

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

### Note 5. Capital Assets

The following are the changes in capital assets of the College for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Buildings	\$ 42,426,195	\$ 1,885,805	\$ -	\$ 44,312,000
Land	2,500,430	-	-	2,500,430
Land Improvements	3,189,802	-	-	3,189,802
Projects in Progress	795,017	-	795,017	-
Equipment	3,839,570	414,972	7,250	4,247,293
Total Capital Assets	52,751,014	2,300,777	802,267	54,249,525
Less Accumulated Depreciation:				
Buildings	3,727,206	1,113,664	-	4,840,870
Land Improvements	566,221	254,868	-	821,089
Equipment	1,972,463	700,315	3,625	2,669,153
Total Accumulated Depreciation	6,265,890	2,068,847	3,625	8,331,112
Net Capital Assets	\$ 46,485,125	\$ 231,930	\$ 798,642	\$ 45,918,413

### 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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	\$ 8,653,673	\$ 49,112	\$ 423,533	\$ 8,279,252	\$ 440,776
Compensated Absences	368,045	251,253	368,045	251,253	251,253
Net Pension Liability	551	-	551	-	-
Total Noncurrent Liabilities	\$ 9,022,269	\$ 300,364	\$ 792,129	\$ 8,530,504	\$ 692,029

### Note 7. Lease Obligations and GASB 87

GASB 87 regarding the treatment of all leases became applicable for Dixie Technical College in the fiscal year being reported (FY22). The College had 3 leases under contract during the fiscal year. An analysis of these leases was conducted, and it was determined that all three are notes payable under GASB 87.

The College has a note payable with Washington County, Utah for the industrial building on the Tech Ridge campus. The original term expired on December 31, 2017

## Dixie Technical College

### Notes to the Financial Statements For the Year Ended June 30, 2022

and is subject to annual renewals through 2037. The asset value is \$8,510,000 and the total accumulated depreciation is \$957,375.

Ownership of the land and portion of the building involved in this contract are not collateral for the obligation. If default occurred, the College would have no further obligation to make payments, but could possibly lose possession of the portion of the building involved in the contract until the original agreement term ends in 2037.

The College has had a note payable for a new network server since FY21. The server has an asset value of \$288,614 and accumulated depreciation of \$86,584. The term ends on June 30, 2025.

A lease contract for four Canon printers was signed in November of 2018. The lease term runs until November of 2023. This was treated as an operating lease prior to FY22. It is a note payable under GASB 87. The asset value is \$101,610 and the total accumulated depreciation is \$72,821.

The future payments are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Notes Payable- Principal</b>	<b>Notes Payable- Interest</b>
2023	\$ 440,776	\$ 367,620
2024	441,256	350,952
2025	453,226	331,868
2026	405,824	310,250
2027	425,824	291,750
2028-2032	2,434,120	1,146,875
2033-2037	3,017,120	523,875
2038	661,106	16,125
<b>Total future payments</b>	<b>\$ 8,279,252</b>	<b>\$ 3,339,315</b>

#### 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.

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

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 benefits 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, public employee 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 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

### 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 URS 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 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	19.40%
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.



## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

	<b>College Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 154,442	N/A
Tier 2 Public Employees System	31,810	-
Tier 2 DC Only	6,246	N/A
Total Contributions	\$ 192,498	\$ -

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, 2022, the College reported a net pension asset of \$931,529 and a net pension liability of \$0.

	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Proportionate Share Dec. 31, 2021</b>	<b>Proportionate Share Dec. 13, 2020</b>	<b>% Change</b>
Noncontributory System	\$ 928,809	\$ -	0.3778869%	0.3778869%	0.0000000%
Tier 2 Public Employees System	2,720	-	0.0064275%	0.0038225%	0.0026050%
Total Net Pension Asset / Liability	\$ 931,529	\$ -			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, 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, 2022 the College recognized pension expense of \$496,171.

## Dixie Technical College

### Notes to the Financial Statements

*For the Year Ended June 30, 2022*

At June 30, 2022 the College reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,322	\$ 228,241
Changes in assumptions	48,063	26
Net difference between projected and actual earnings on pension plan investments	-	969,137
Changes in proportion and differences between contributions and proportionate share of contributions	3,281	-
Contributions subsequent to the measurement date	97,338	-
<b>Total</b>	<b>\$ 150,004</b>	<b>\$ 1,197,404</b>

Contributions of \$97,338 made prior to the College's fiscal year end, but subsequent to the measurement date of December 31, 2021, are reported by the College as deferred outflows of resources related to pensions. 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>
2022	\$ (421,257)
2023	\$ (336,577)
2024	\$ (235,833)
2025	\$ (154,476)
2026	\$ 559
Thereafter	\$ 2,846

The total pension liability in the December 31, 2021, 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 - 9.25 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

## Dixie Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption 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, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	37.00%	6.58%	2.43%
Debt Securities	20.00%	(0.28%)	(0.06%)
Real Assets	15.00%	5.77%	0.87%
Private Equity	12.00%	9.85%	1.18%
Absolute Return	16.00%	2.91%	0.47%
Cash & Cash Equivalents	0.00%	(1.01%)	0.00%
<b>Totals</b>	100.00%		4.89%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.45% 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,

## Dixie Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

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 was reduced from 6.95% to 6.85% from the prior measurement date. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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 percentage point lower (5.85 percent) or 1 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	\$ 57,576	\$ (928,809)	\$ (1,753,738)
Tier 2 Public Employees System	<u>16,208</u>	<u>(2,720)</u>	<u>(17,254)</u>
Total	<u>\$ 73,784</u>	<u>\$ (931,529)</u>	<u>\$ (1,770,992)</u>

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

#### Defined Contribution Plans

The College participates in a 401(k) defined contribution plan as administered by the Systems. The College is required by statute to contribute 1.5% of eligible employees' salaries for employees in the Noncontributory System and 1.15% for employees in the Tier 2 Public Employees System. For employees participating in the Tier 2 Public Employees defined contributions (Tier 2 DC) plan, the College is required to contribute 20.02% of the employees' salaries, of which 10% is paid into a 401(k) plan while the remaining is contributed to the Tier 1 Contributory Public Employee System as required by law.

## Dixie Technical College

Notes to the Financial Statements  
For the Year Ended June 30, 2022

During the year ended June 30, 2022, College contributions for the Tier 2 DC plan were as follows:

<u>401(k) Plan</u>	<u>2022</u>
Employer	\$
Contributions	68,940
Employee	\$ 9,447
Contributions	

### *Nationwide 403(b) and 457 Contribution Plans*

The College's current 403(b) and 457 defined contribution plans are with Nationwide Mutual Insurance Company (Nationwide). Each participating employee is set up with a 403(b) retirement account at Nationwide. 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, 2022, the College's contribution to this 403(b) defined contribution plan was \$593,063, which is 14.2 percent of the employees' eligible salaries. The College has no further liability once annual contributions are made. Additionally, College employees contributed \$86,638 to their individual accounts in fiscal year 2022.

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. The College's contributions totaled \$282,794 for the year ended June 30, 2022.

**Dixie Technical College**  
 Required Supplementary Information  
 For the Year Ended June 30, 2022

**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 8 Years<sup>1</sup>**

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b><i>Noncontributory System</i></b>								
Proportion of Net Pension Liability (Asset)	0.3778869%	0.3778869%	0.3557913%	0.0204772%	0.0127362%	0.0110763%	0.0078734%	0.0075955%
Proportionate Share of Net Pension Liability (Asset)	\$ (928,809)	\$ (372,705)	\$ 417,354	\$ 761,858	\$ 311,446	\$ 358,974	\$ 247,326	\$ 190,839
Covered Payroll	\$ 756,389	\$ 877,719	\$ 850,537	\$ 667,088	\$ 431,728	\$ 363,890	\$ 227,197	\$ 217,549
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-122.80%	-42.46%	49.07%	114.21%	72.14%	98.65%	108.86%	87.72%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.80%	104.70%	94.20%	84.10%	89.20%	84.90%	84.50%	87.20%
<b><i>Tier 2 Public Employees System<sup>2</sup></i></b>								
Proportion of Net Pension Liability (Asset)	0.0064275%	0.0038225%	0.4249500%	0.0028150%				
Proportionate Share of Net Pension Liability (Asset)	\$ (2,720)	\$ 550	\$ 956	\$ 1,206				
Covered Payroll	\$ 119,138	\$ 61,119	\$ -	\$ 32,337				
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-2.28%	0.90%	0.00%	3.73%				
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.80%	98.30%	96.50%	90.80%				

<sup>1</sup> The College implemented GASB Statement No. 68 in fiscal year 2015. Information on the College's portion of the plans' net pension liability (asset) is not available for periods prior to fiscal year 2015.

<sup>2</sup> The College began participation in the Tier 2 Public Employees System in the year 2018.

**Dixie Technical College**  
 Required Supplementary Information  
 For the Year Ended June 30, 2022

**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 30<sup>1</sup>**

<i>Noncontributory System</i> <sup>1</sup>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 154,442	\$ 180,192	\$ 181,719	\$ 166,426	\$ 100,665	\$ 77,524	\$ 64,492	\$ 40,463	\$ 56,016	\$ 53,937
Contributions in Relation to the Contractually Required Contribution	154,442	180,192	181,719	166,426	100,665	77,524	64,492	40,463	56,016	53,937
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 709,161	\$ 838,627	\$ 875,344	\$ 799,069	\$ 506,836	\$ 391,964	\$ 308,812	\$ 182,348	\$ 273,783	\$ 287,511
Contributions as a Percentage of Covered Payroll	21.78%	21.49%	20.76%	20.83%	19.86%	19.78%	20.88%	22.19%	20.46%	18.76%

<i>Tier 2 Public Employees System</i> <sup>1,2,3</sup>	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 31,810	\$ 15,662	\$ 11,607	\$ 10,509	\$ 845
Contributions in Relation to the Contractually Required Contribution	31,810	15,662	11,607	10,509	845
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 163,971	\$ 81,890	\$ 61,119	\$ 55,690	\$ 4,583
Contributions as a Percentage of Covered Payroll	19.40%	19.13%	18.99%	18.87%	18.44%

<i>Tier 2 Public Employees System DC Only</i> <sup>1,2,4</sup>	2022	2021
Contractually Required Contribution	\$ 6,246	\$ 5,083
Contributions in Relation to the Contractually Required Contribution	6,246	5,083
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 62,336	\$ 50,724
Contributions as a Percentage of Covered Payroll	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.



OFFICE OF THE  
**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 (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 16, 2023.

#### **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 State Auditor  
Salt Lake City, Utah  
February 16, 2023