Snow College

Annual Financial Report
For the Year Ended June 30, 2013

Report No. 13-37

OFFICE OF THE
UTAH STATE AUDITOR

SNOW COLLEGE

Annual Financial Report
For the Year Ended June 30, 2013

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AUDIT LEADERSHIP:
Van Christensen, CPA, Audit Director
Nancy Watson, CPA, Audit Supervisor

SNOW COLLEGE

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Scott L. Wyatt, President
Snow College

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Snow College (the College), a component unit of the State of Utah, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Utah State Capitol Complex, East Office Building, Suite E310 • P.O. Box 142310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • Fax: (801) 538-1383

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2013, and the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 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 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 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

Office of the Utah State Auditor
December 20, 2013

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Introduction

This section of Snow College's financial report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2013. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes. The discussion and analysis is designed to provide an easily readable analysis of the College's financial activities based on facts, decisions, and conditions known at the date of the auditor's report. The financial statements, notes, and this discussion are the responsibility of management.

Using the Financial Report

The financial report consists of three basic financial statements which provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements and related authoritative pronouncements.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities). The difference between current and noncurrent assets will be discussed in the notes to the financial statements.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the College.

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Net position is divided into three major categories. The first category, "net investment in capital assets," provides the College's equity in property, plant and equipment owned by the College. The next category is "restricted net position," which is divided into two categories, "nonexpendable" and "expendable." The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is "unrestricted net position." Unrestricted net position is available to the College for any lawful purpose of the College.

Condensed Statement of Net Position

	2013	2012
ASSETS		
Current assets	$ 9,520,327	$ 8,240,532
Noncurrent assets		
Capital	98,917,601	100,585,451
Other	16,931,838	25,058,029
Total assets	125,369,766	133,884,012
LIABILITIES		
Current liabilities	3,688,427	7,299,898
Noncurrent liabilities	17,622,430	18,026,275
Total liabilities	21,310,857	25,326,173
NET POSITION		
Net investments in capital assets	81,327,435	84,660,781
Restricted – nonexpendable	4,789,009	4,919,128
Restricted – expendable	5,822,618	5,591,000
Unrestricted	12,119,847	13,386,930
Total net position	$ 104,058,909	$ 108,557,839

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

In fiscal year 2013, the total assets of the College decreased by $8.5 million. Total liabilities decreased by $4 million. These changes resulted in a $4.5 million decrease in net position from the prior year. Cash and investments decreased by $6.5 million, largely due to $5.6 million in payments related to the construction on the new residence hall. The remaining decrease in cash and investments is due to principal and interest payments on the revenue bonds. Capital assets also decreased by $1.7 million. The decrease in capital assets is primarily due to depreciation. As of June 30, 2013, the College had an outstanding commitment to the State of Utah's Division of Facilities Construction and Management (DFCM) for the construction of the new residence hall totaling $96,000 compared to $2.1 million as of June 30, 2012.

At the end of fiscal year 2013, the College's current assets of $9.5 million were sufficient to cover current liabilities of $3.7 million. Also at the end of fiscal year 2013, total assets of $125.4 million were sufficient to cover total liabilities of $21.3 million.

Over time, increases or decreases in net position (the difference between assets and liabilities) is one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities. One must also consider that the consumption of assets follows the institutional philosophy to use available resources to improve all areas of the College to better serve the mission of the College.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

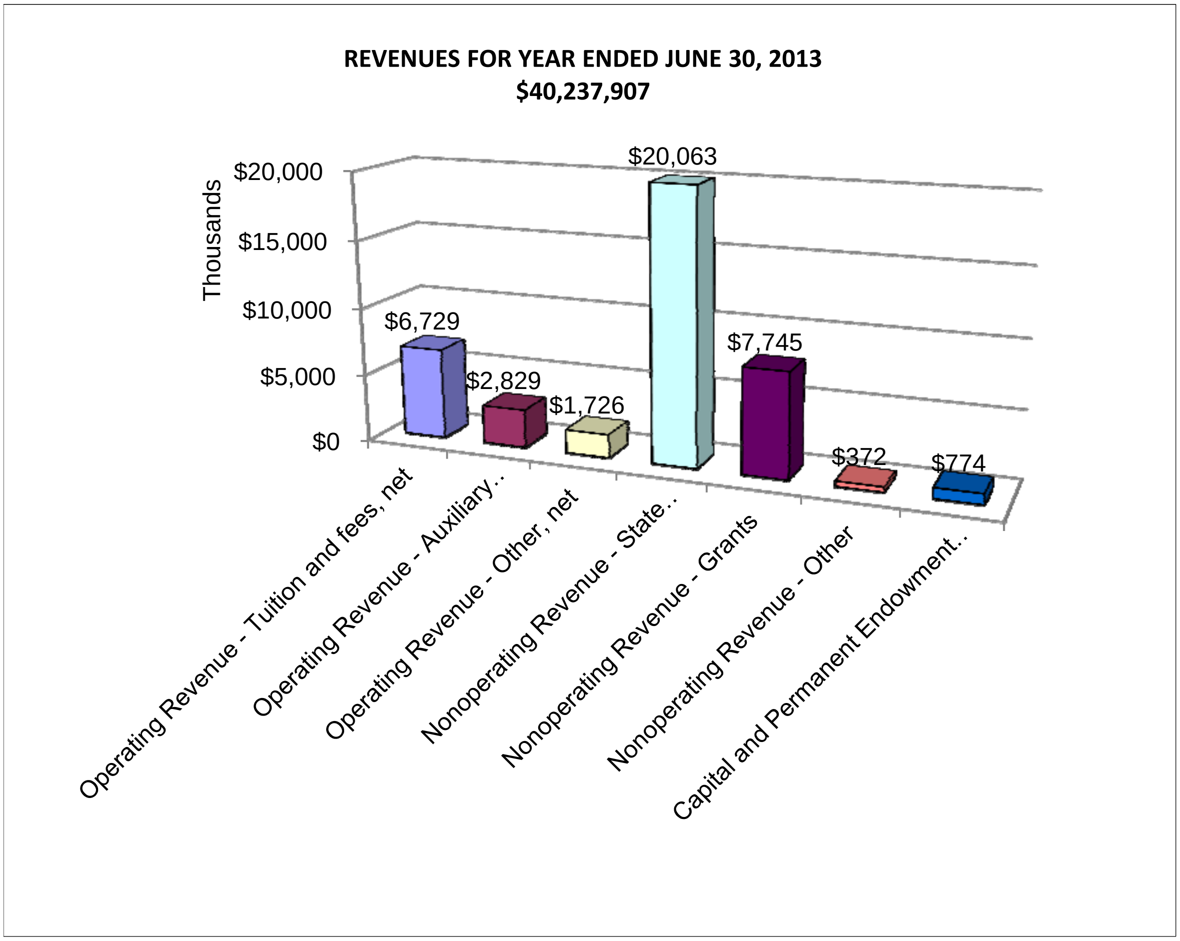
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2013	2012
OPERATING REVENUES AND EXPENSES		
Revenues		
Tuition and fees, net	$ 6,728,720	$ 6,974,775
Auxiliary enterprises, net	2,829,397	1,947,866
Other operating revenues, net	1,725,976	1,542,481
Total operating revenues	11,284,093	10,465,122
Expenses		
Compensation and benefits	24,037,015	22,569,952
Scholarships	4,039,644	4,542,806
Depreciation	4,982,105	4,564,666
Other operating expenses	11,678,073	9,945,030
Total operating expenses	44,736,837	41,622,454
Net operating income (loss)	(33,452,744)	(31,157,332)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	20,063,313	19,546,374
Nonoperating grants	7,744,597	7,749,040
Other nonoperating revenues (expenses)	372,003	887,901
Net nonoperating revenues	28,179,913	28,183,315
Income (loss) before capital and permanent endowment revenue	(5,272,831)	(2,974,017)
Capital appropriations	522,264	750,044
Capital grants and gifts	100,000	337,000
Additions to permanent endowments	151,637	66,205
Total capital and permanent endowment revenue	773,901	1,153,249
Increase (decrease) in net position	(4,498,930)	(1,820,768)
Net position – beginning of year	108,557,839	110,378,607
Net position – end of year	$ 104,058,909	$ 108,557,839

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The most significant sources of operating revenues for the College are tuition and fees. Tuition and fees, net of scholarship discounts and allowances, totaled $6.7 million for 2013. Auxiliary enterprise revenue, net of scholarship discounts and allowances, totaled $2.8 million for 2013. State appropriations were the most significant nonoperating revenue, totaling $20.1 million for 2013. Nonoperating grants revenue totaled $7.7 million for 2013.

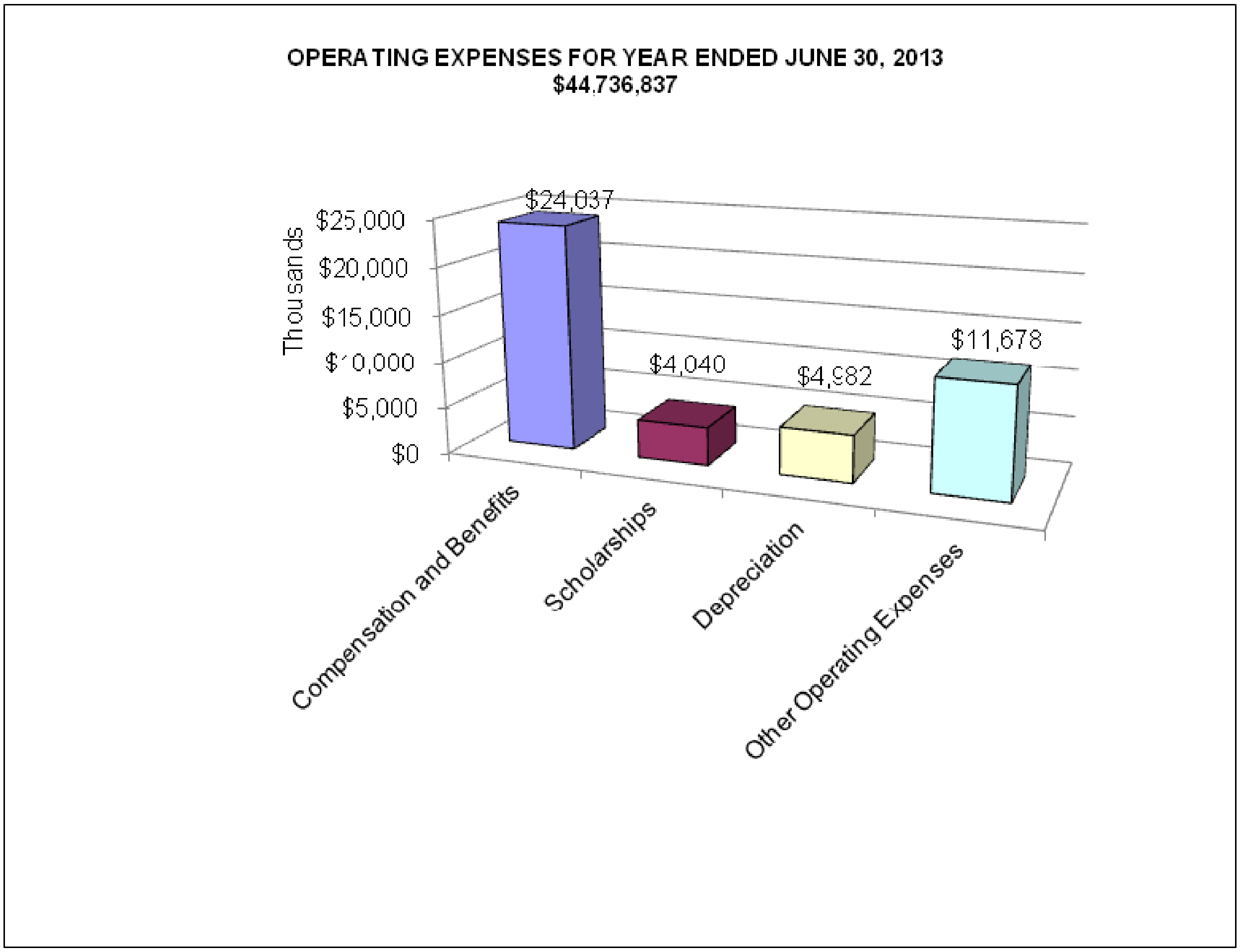


The major differences between fiscal years 2012 and 2013 in the Statement of Revenues, Expenses, and Changes in Net Position are reflected in an increase of $1.5 million in compensation and benefits as well as an increase of $1.6 million in supplies and other services. Compensation and benefits increased due to a one percent salary increase for employees as well as several new employees hired at the end of fiscal year 2012 who received a full year's salary during fiscal year 2013. The $1.6 million increase in supplies and other services is mainly due to the purchase of furniture associated with the completion of the new residence hall, elementary school remodel, and the cafeteria remodel projects.

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Operating expenses for fiscal year 2013, including depreciation of $5 million, totaled $44.7 million. The most significant operating expenses for the year were compensation and benefits totaling $24 million.



Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows which presents detailed information about the cash activity of the College during the year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section reflects the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed Statement of Cash Flows

	2013	2012
Cash provided (used) by:		
Operating activities	$ (27,117,347)	$ (26,228,630)
Noncapital financing activities	27,878,359	28,412,391
Capital financing activities	(7,951,946)	(12,038,969)
Investing activities	3,903,789	(2,284,093)
Net change in cash	(3,287,145)	(12,139,301)
Cash and cash equivalents – beginning of year	14,827,378	26,966,679
Cash and cash equivalents – end of year	$ 11,540,233	$ 14,827,378

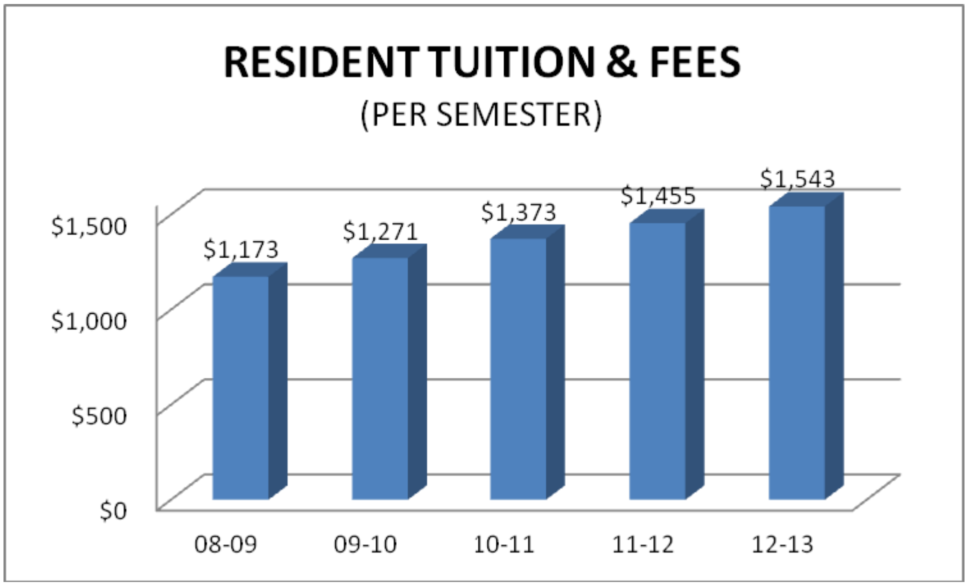
For fiscal year 2013, the largest change from the previous year is presented in investing activities. The $6.2 million change identified is primarily due to several investments maturing during 2013. Due to lack of yield in the current market for potential investments, the College kept the matured funds in PTIF as opposed to reinvesting in new investments. Capital financing activities is another area that showed significant change. The $4.1 million change is a result of construction projects coming to a completion during the first couple months of 2013. These construction projects were in place during all of 2012 and thus the higher amount of funds spent in 2012.

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Resident Tuition & Fees and Enrollment

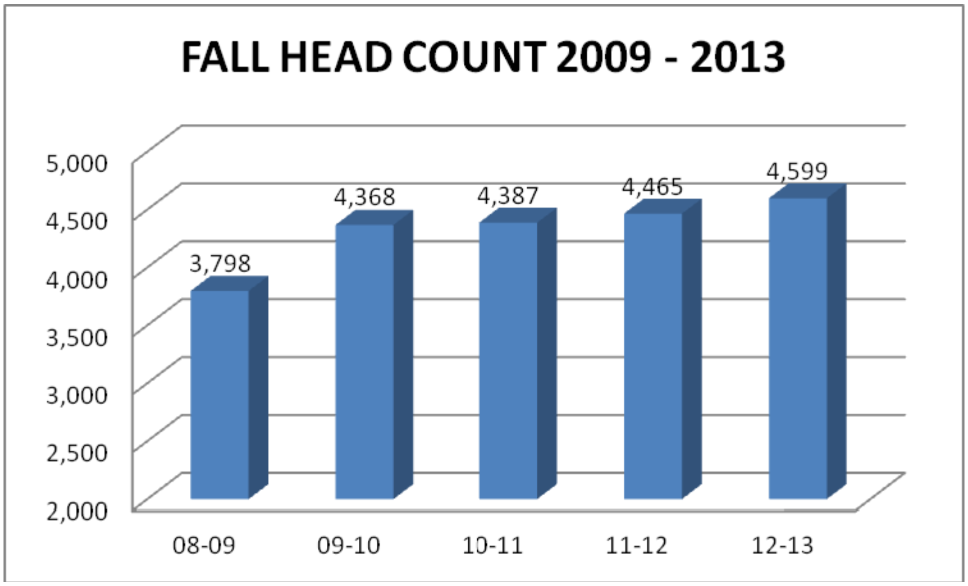
Resident tuition and fees increased from $1,455 in fiscal year 2012 (based on 15 credit hours) to $1,543 in 2013. This represents a 6.0% increase.

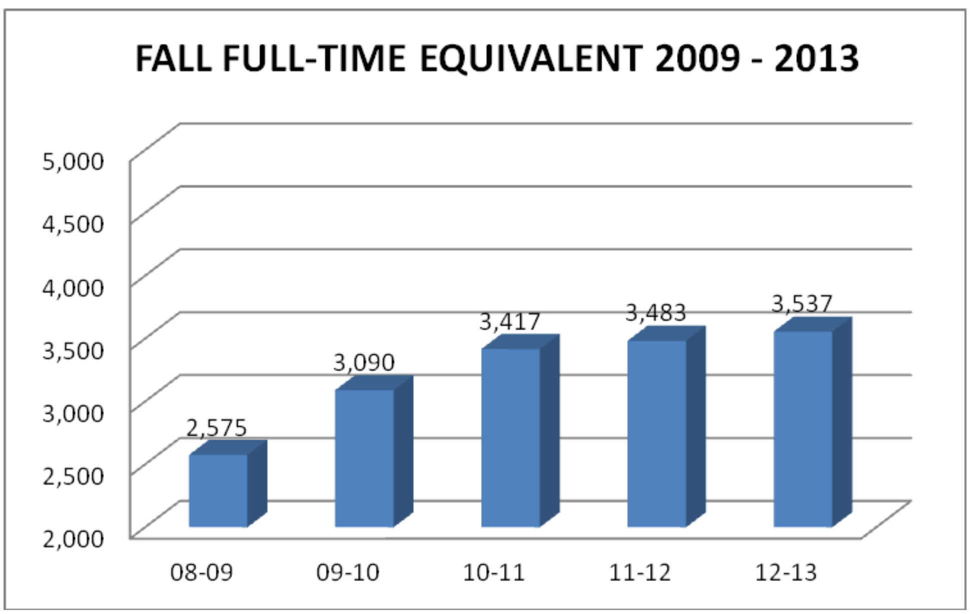


Enrollment is measured by unduplicated Fall Semester Head Count which increased by 3.0% in 2013. Fall Semester Full-Time Equivalent (1 FTE = 15 credit hours) increased by 1.6% in 2013. The enrollment growth appears modest overall with no significant changes in trends or market demographics from the prior year. The College has consistently demonstrated growth in both Full-Time Equivalents and Head Count over the past several years.

SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013





SNOW COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Economic Outlook

The State's Fiscal Year 2013 budget was the first passed in four years without additional budget cuts to the College. A welcomed relief from recent years, new state funding of $318,500 was used to provide a modest cost-of-living adjustment for college employees, to make permanent the College Placement Office, which was created with one-time funding, to hire additional faculty and staff positions in critical areas, and for other minor adjustments.

The College's enrollment has remained steady over the past year. This simple observation hides a significant achievement. When in October 2012 the Church of Jesus Christ of Latter-day Saints (LDS) lowered its mission age policy to eighteen (from nineteen) for young men and nineteen (from twenty-one) for young women, it was anticipated this change would lower enrollment figures across the Utah System of Higher Education (USHE) for a two year short-term enrollment dip. The majority of students attending the College are of the LDS faith in this age range.

As it turned out, the dip in enrollment was not as significant as the system had initially projected. In fact, while other institutions suffered moderate drops, Snow College was the only one able to increase its enrollment over last year, going from 4,599 to 4,605 students (Fall 2012 vs. Fall 2013). The efforts of a dynamic new recruiting director, plus an additional full-time recruiter and positive press coverage with top rankings and awards (Washington Monthly, CNNMoney, TheBestSchools.org, Aspen Institute) have given Snow a tremendous boost in enrollment and well-deserved recognition, both nationally and regionally.

We remain optimistic that the College's unique college experience, including small class sizes, attentive experienced faculty, and a high touch environment, will continue to attract students looking for a successful transition from high school to college. Whereas the initial uncertainty about enrollment impact has turned out to have little impact on Snow, we now look forward to a good percentage of these older, more mature and more prepared students returning to continue their studies at the College.

Requests for Information

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College's finances and to show the College's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Snow College, Business Office, 150 College Avenue, Ephraim, Utah 84627.

SNOW COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS	
Current assets	
Cash and cash equivalents (Notes 1 and 2)	$ 7,967,831
Accounts, interest, and pledges receivable, net (Note 3)	812,025
Accounts due from primary government (Note 6)	268,185
Notes receivable, net (Note 3)	24,722
Inventories (Note 1)	322,904
Prepaid expenses and other assets	124,660
Total current assets	9,520,327
Noncurrent assets	
Restricted cash and cash equivalents (Notes 1 and 2)	3,572,402
Restricted investments (Notes 1 and 2)	6,143,141
Investments (Notes 1 and 2)	6,813,550
Accounts, interest, and pledges receivable, net (Note 3)	57,363
Notes receivable, net (Note 3)	66,895
Prepaid expenses and other assets	278,487
Capital assets, net (Note 4)	98,917,601
Total noncurrent assets	115,849,439
Total assets	125,369,766
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities (Note 5)	973,305
Accounts due to primary government (Note 6)	748,192
Unearned revenue (Note 1)	461,696
Deposits	364,039
Compensated absences and termination benefits (Notes 1 and 7)	508,259
Contracts payable (Note 7)	59,725
Contracts due to primary government (Note 7)	91,151
Bonds payable (Note 7)	482,060
Total current liabilities	3,688,427
Noncurrent liabilities	
Deposits	50,294
Compensated absences and termination benefits (Notes 1 and 7)	390,020
Contracts payable (Note 7)	1,011,811
Contracts due to primary government (Note 7)	149,979
Bonds payable (Note 7)	16,020,326
Total noncurrent liabilities	17,622,430
Total liabilities	21,310,857
NET POSITION	
Net investment in capital assets	81,327,435
Restricted for:	
Nonexpendable items	
Scholarships	4,789,009
Expendable items	
Scholarships	1,854,627
Loans	1,442,426
Debt Service	1,227,487
Other	1,298,078
Unrestricted	12,119,847
Total net position	$ 104,058,909

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

SNOW COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES AND EXPENSES	
Revenues	
Student tuition and fees (net of allowances of $5,128,779)	$ 6,728,720
Operating contracts	317,240
Sales and services of education departments (net of cost of sales of $75,114)	65,727
Auxiliary enterprises (net of allowances and cost of sales of $719,596)	2,829,397
Other operating revenues	1,343,009
Total operating revenues	11,284,093
Expenses	
Compensation and benefits	24,037,015
Scholarships	4,039,644
Supplies and other services	9,526,774
Utilities	1,535,384
Depreciation	4,982,105
Other operating expenses	615,915
Total operating expenses	44,736,837
Operating income (loss)	(33,452,744)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	20,063,313
Gifts	409,738
Nonoperating grants	7,744,597
Investment and interest income	649,565
Other nonoperating revenues (expenses)	(687,300)
Total nonoperating revenues	28,179,913
Income (loss) before capital and permanent endowment revenues	(5,272,831)
Capital appropriations	522,264
Capital grants and gifts	100,000
Additions to permanent endowments	151,637
Total capital and permanent endowment revenue	773,901
Increase (decrease) in net position	(4,498,930)
NET POSITION	
Net position – beginning of year	108,557,839
Net position – end of year	$ 104,058,909

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

SNOW COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tuition and fees	$ 6,888,146
Receipts from operating contracts	270,494
Receipts from auxiliary enterprises	2,996,721
Collection of loans to students	20,573
Other receipts	1,511,319
Payments to suppliers	(11,120,990)
Payments for student financial aid	(4,039,644)
Payments for employee services and benefits	(23,643,966)
Net cash used by operating activities	(27,117,347)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	19,200,500
Receipts from grants and contracts	7,609,628
Receipts from gifts	916,594
Receipts for permanent endowments	151,637
Net cash provided by noncapital financing activities	27,878,359
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Receipts from capital grants/gifts	100,000
Purchases of capital assets	(6,803,767)
Interest paid on capital debt and leases	(643,260)
Principal paid on capital debt and leases	(604,919)
Net cash used by capital financing activities	(7,951,946)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale/maturity of investments	6,977,952
Receipt of interest/dividends from investments	1,006,100
Purchase of investments	(4,080,263)
Net cash provided by investing activities	3,903,789
Net increase in cash	(3,287,145)
Cash and cash equivalents − beginning of year	14,827,378
Cash and cash equivalents − end of year	$ 11,540,233

(continued)

SNOW COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

(continued)

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

Operating loss	$ (33,452,744)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	4,982,105
Repair and maintenance expense paid by State	862,813
Other operating expenses not requiring cash	503,770
Changes in assets and liabilities:	
Receivables, net	(659,477)
Loans receivable, net	20,574
Inventories	21,705
Prepaid expenses	(13,511)
Accounts payable and accrued liabilities	195,666
Unearned revenue	115,934
Deposits	29,384
Compensated absences and termination benefits	276,434
Net cash used by operating activities	$ (27,117,347)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Adjustments in fair value of investments	$ (282,547)
Assets contributed by State	522,264
Loss on disposal of capital assets and inventory	(20,097)
Total noncash activities	$ 219,620

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

SNOW COLLEGE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The preceding financial statements present the financial position, the changes in financial position, and cash flows of the Snow College reporting entity (the College). The College is considered a component unit of the State of Utah because it receives appropriations from and is financially accountable to the State. The financial activity of the College is included in the State's *Comprehensive Annual Financial Report.*

The financial statements include the accounts of the College, all auxiliary enterprises, and other restricted and unrestricted funds of the College. The College has considered all potential component units for which the College is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

The Snow College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The majority of the resources or income the Foundation holds is restricted to the activities of the College by the donors. These restricted resources held by the Foundation can only be used by, or for the benefit of, the College. For these reasons the Foundation is considered a component unit of the College and is presented in the College's financial statements as a blended component unit.

B. Basis of Accounting

Under the provisions of the GASB standards, the College is permitted to report as a special purpose government engaged in business-type activities (BTA). BTA reporting requires the College to present only the financial statements and required supplementary information (RSI). This includes Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and notes to the financial statements. The required financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements are not required for BTA reporting.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB.

During 2013, the College adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The adoption of this statement did not have a material impact on the College's financial statements.

C. Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Utah Public Treasurers' Investment Fund (PTIF) are also considered cash equivalents.

D. Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

E. Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Utah. Accounts receivable also include amounts due from the Federal Government, 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.

F. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market or on a basis which approximates cost determined on the first-in, first-out method.

G. Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted assets in the Statement of Net Position.

H. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market 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 $1,000 or more, and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements with a cost of $20,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land will be capitalized and not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 30-40 years for buildings; 20 years for infrastructure, land improvements, and library collections; and 5 years for equipment.

I. Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

J. Compensated Absences and Termination Benefits

Compensated Absences

Non-academic full-time College employees earn vacation leave for each month worked at a rate between 6 and 22 days per year. Vacation time may be used as it is earned. A maximum of 240 hours is allowed to be carried over into the next vacation year, which begins January 1. Upon termination, no more than the maximum plus the current year earned vacation is payable to the employee.

Full-time professional and classified staff earn sick leave at the rate of one day earned for each month worked to a maximum of 130 days of unused sick leave. No payment will be made for unused sick leave in the event of termination. After an employee has accumulated 65 days of unused sick leave, that employee can convert a maximum of four (4) days per year of accrued sick leave to vacation.

A liability is recognized in the Statement of Net Position for vacation payable to the employees at the Statement date.

Termination Benefits

The College provides termination benefits, by means of an early retirement program to qualified full-time salaried employees, that are approved by the College President and the Board of Trustees in accordance with College policy as approved by the State Board of Regents, and where the early retirement is in the mutual best interest of the employee and the College. Qualified employees are those who retire, with at least 20 years of service, from the College on or after attaining age 62. Termination benefits may include a monthly stipend of 20% of the retiree’s salary at the time of active employment and/or may include health and dental insurance. The monthly stipend is payable for five years or until the retiree reaches full retirement age as defined by the Social Security Administration. The health and dental insurance benefit is payable for three years or until the retiree reaches the Medicare eligibility age of 65.

There were five retirees who received termination benefits under the College's early retirement program during fiscal year 2013.

The College has recorded a liability for the cost of these termination benefits including an annual inflation adjustment of 5% for insurance in fiscal year 2013 and for each additional year thereafter. The liability was calculated using a discount rate of 0.67%, which is based on the 2 year average return of the Utah Public Treasurers' Investment Fund (PTIF). The cost of termination benefits is funded on a pay-as-you-go basis. Termination benefits expense for the year ended June 30, 2013 was $45,620.

K. Noncurrent Liabilities

Noncurrent liabilities include (1) funds held in trust for others, (2) estimated amounts for accrued compensated absences and termination benefits, and (3) other liabilities that will not be paid within the next fiscal year.

L. Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets: This represents the College's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those 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.

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

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any legal purpose.

These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

M. Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or nonoperating revenues and expenses according to the following criteria:

Operating revenues and expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances (Note: when auxiliary enterprises revenue results from other activities, e.g., student fees, gifts, contracts, etc., the revenue is shown with those activities), (3) interest on institutional student loans, (4) the cost of providing services, (5) administration expenses, and (6) depreciation of capital assets.

Nonoperating revenues and expenses: Nonoperating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, expenses not meeting the definition of operating expenses, and other revenue sources that are defined as nonoperating sources by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* such as state appropriations, grants, and investment income.

N. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

NOTE 2. DEPOSITS AND INVESTMENTS

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

Except for endowment funds, the College follows the requirements of the Money Management Act in handling its depository and investment transactions. The Act requires the depositing of Snow College funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

For endowment funds, the College follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541). For fiscal year ending June 30, 2013 the College's endowment funds are reported as Restricted Investments and Restricted Cash and Cash Equivalents in the Statement of Net Position, and totaled $5,986,230. According to UPMIFA, the governing board may appropriate for expenditure, for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historical dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision. Although State law allows for the spending of unrealized endowment appreciation, it is the College's policy not to spend these funds, but rather to reinvest and treat them as additions to principal.

A. 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, 2013, $1,360,513 of the College's bank balances of $1,654,609 was uninsured and uncollateralized.

B. Investments

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

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

The UPMIFA and Rule 541 allow the College to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission (SEC), investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

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

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

As of June 30, 2013, the College had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	< 1	1 – 5	6 – 10	> 10
Municipal/Public Bonds	$ 3,226,846		$ 2,999,046	$ 165,122	$ 62,678
Bond Funds	3,432,622		477,249	2,717,748	237,625
Corporate Bonds	3,693,508	$ 3,693,508			
Money Market Funds	1,204,214	1,204,214			
Utah Public Treasurers' Investment Fund	- 10,211,190	10,211,190			
	21,768,380	$ 15,108,912	$ 3,476,295	$ 2,882,870	$ 300,303
Equities and Equity Funds	2,546,625				
Total	$ 24,315,005				

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 Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management 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. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

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 Money Management Act, the UPMIFA, and Rule 541, as previously discussed.

At June 30, 2013, the College had the following investments and quality ratings:

		Quality Ratings							
Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	Unrated
Municipal/Public Bonds	#########	######	########	$470,519				#######	
Bond Funds	3,432,622		########		$ 818,265	########	#######		
Corporate Bonds	3,693,508			########	1,040,050				
Money Market Funds	1,204,214								#########
Utah Public Treasurers' Investment Fund	#########								#########
Totals	#########	######	########	########	########	#######	######	######	########

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 or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the College's endowment fund.

The College held more than 5 percent of total investments in securities of Goldman Sachs Group and Taylorsville Bennion Revenue Bonds. These investments represent 7.7 percent and 5.9 percent, respectively, of the College's total investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk. As of June 30, 2013, the College had $3,226,846 in Municipal/Public Bonds, $3,693,508 in Corporate Bonds and $3,432,622 in mutual funds which were held by the counterparty's trust department or agent but not in the College's name.

NOTE 3. RECEIVABLES

Accounts, interest, and pledges receivable at June 30, 2013 consist of the following:

	Balance	Current Portion
Student tuition and fees receivable	$ 651,355	$ 651,355
Grants and contracts receivable	305,287	305,287
Auxiliary enterprises and other receivables	47,129	47,129
Pledges receivable	135,979	78,616
Interest receivable	42,081	42,081
Allowance for doubtful accounts	(312,443)	(312,443)
Net accounts, interest, and pledges receivable	$ 869,388	$ 812,025

Notes receivable at June 30, 2013 consist of the following:

	Balance	Current Portion
Student loans receivable	$ 106,617	$ 24,722
Allowance for doubtful accounts	(15,000)	-
Net notes receivable	$ 91,617	$ 24,722

NOTE 4. CAPITAL ASSETS

Capital assets at June 30, 2013 consist of the following:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated				
Land	$ 3,460,410	$ -	$ -	$ 3,460,410
Works of art	65,000	-	-	65,000
Construction in progress	14,735,176	1,939,091	16,674,267	-
Capital assets being depreciated				
Buildings	120,296,706	15,984,508	-	136,281,214
Improvements	6,908,482	1,016,030	-	7,924,512
Equipment	9,183,243	1,024,420	204,932	10,002,731
Library materials	1,274,166	44,571	23,056	1,295,681
Total capital assets	155,923,183	20,008,620	16,902,255	159,029,548
Less accumulated depreciation:				
Buildings	43,739,488	3,549,835	-	47,289,323
Improvements	3,998,744	320,674	-	4,319,418
Equipment	6,856,263	1,046,813	184,835	7,718,241
Library materials	743,237	64,783	23,055	784,965
Total accumulated depreciation	55,337,732	4,982,105	207,890	60,111,947
Total capital assets, net of depreciation	$ 100,585,451	$ 15,026,515	$ 16,694,365	$ 98,917,601

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2013 consist of the following:

	June 30, 2013
Vendors payable	$ 616,489
Wages payable	157,408
Federal payroll tax payable	37,876
Interest payable	20,807
Other payroll accruals	140,725
Total accounts payable and accrued liabilities	$ 973,305

SNOW COLLEGE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6. RELATED PARTIES

Snow College receives and provides services, supplies, repairs and maintenance and capital projects through departments, agencies, and other component units of the State of Utah. The following tables are a summary of the amounts due from and to these entities for services and supplies as of the year ended June 30, 2013.

Related Party Receivables consisted of the following at June 30, 2013**:**

	Balance
Utah State Office of Education	$ 103,063
Utah Dept of Corrections	68,778
Utah Governor's Office of Economic Development	26,309
Other related parties	70,035
Total	$ 268,185

Related Party Payables consisted of the following at June 30, 2013:

	Balance
PEHP	$ 512,518
Utah State Tax Commission	106,458
Utah Retirement Systems	68,227
Other related parties	60,989
Total	$ 748,192

NOTE 7. LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2013 were as follows:

	June 30, 2012 Balance	Additions	Reductions	June 30, 2013 Balance	Current Portion
Compensated absences	$ 563,729	$ 519,642	$ 446,751	$ 636,620	$ 401,381
Termination benefits	58,116	249,163	45,620	261,659	106,878
Contracts payable	1,129,942	-	58,406	1,071,536	59,725
Contracts due to primary government	217,643	100,000	76,513	241,130	91,151
Bonds payable	16,810,000	-	470,000	16,340,000	475,000
Unamortized bond premium/discount	169,446	-	7,060	162,386	7,060
Total long-term liabilities	$18,948,876	$ 868,805	$1,104,350	$ 18,713,331	$1,141,195

The College obtained South Sanpete School District's old Ephraim Elementary School property in fiscal year 2010 for $1,500,000 to be paid in 20 equal annual installments of $75,000. The agreement contains no interest rate; therefore, the College used an effective interest rate of 2% to discount the contracts payable and record the cost of the property at the discounted amount. The final principal and interest payment is in fiscal year 2029.

In fiscal year 2012, the College Foundation obtained the home and property located at 24 South, 100 East, Ephraim for $60,000 to be paid in monthly installments of $636.39. This contract has an interest rate of 5.0% with the final principal and interest payment in fiscal year 2022. The home and property was valued at $120,000 when obtained. The remaining $60,000, after the contract consideration, was donated to the College Foundation.

Future commitments for the contracts payable as of June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
Contracts payable			
2014	$ 59,725	$ 22,912	$ 82,637
2015	61,079	21,558	82,637
2016	62,467	20,170	82,637
2017	63,892	18,745	82,637
2018	65,354	17,283	82,637
2019-2023	338,912	63,453	402,365
2024-2028	346,578	28,422	375,000
2029	73,529	1,471	75,000
Total contracts payable	$ 1,071,536	$ 194,014	$ 1,265,550

The College's Richfield Campus library facilities were obtained through a contract agreement with the State of Utah's Division of Facilities Construction and Management in fiscal year 1996. This contract has an interest rate of 5.4 % with the final principal and interest payment in fiscal year 2017.

During 2013, the College obtained an Energy Loan of $100,000 with the State to recommission two buildings on campus with energy efficient upgrades. The College paid $37,500 during fiscal year 2013 and will pay $50,000 during fiscal year 2014, and the remaining $12,500 by September 30, 2014. The loan has an interest rate of 0%.

Future commitments for the contracts due to primary government as of June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
Contracts due to primary government:			
2014	$ 91,151	$ 8,772	$ 99,923
2015	55,905	6,518	62,423
2016	45,783	4,140	49,923
2017	48,291	1,632	49,923
Total contracts due to primary government	$ 241,130	$ 21,062	$ 262,192

In June 2011, the State Board of Regents issued revenue bonds (Series 2011, $16,810,000 2.00% - 4.5% maturing June 2013 through June 2036) on behalf of the College to provide funds for the construction of a student housing facility for the College on the Ephraim campus. These bonds are not an indebtedness of the State of Utah, the College, or the Board of Regents, but are special limited obligations of the Board of Regents, payable from and secured solely by the Pledged Revenues which consist of 1) the Net Operating Revenues of the College's Student Housing System, 2) Student Building Fees, 3) any Pledged Discretionary Investment Income, and 4) earnings on certain funds and accounts created under the Bond Indenture. In addition, the bonds are insured by Assured Guaranty Municipal Corporation for the timely payment of principal and interest. Interest is payable June 15 and December 15 of each year. Principal payments are due June 15 with the first payment being made on June 15, 2013. For fiscal year 2013, interest incurred on the bonds was $650,298, $34,962 of which was capitalized. For the year ended June 30, 2013, the receipts and disbursements of pledged revenues were as follows:

	June 30, 2013
Receipts	
Housing system revenue	$ 1,124,923
Student building fees	462,501
Bond account earnings	9,430
Total receipts	1,596,854
Disbursements	
Housing system expenses	664,428
Excess of Pledged Receipts over Expenses	$ 932,426
Debt Service Principal and Interest Payments	$ 1,120,298

The scheduled maturities of the revenue bonds are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 475,000	$ 640,898	$ 1,115,898
2015	485,000	631,397	1,116,397
2016	495,000	621,698	1,116,698
2017	515,000	601,897	1,116,897
2018	535,000	581,298	1,116,298
2019-2023	2,935,000	2,651,763	5,586,763
2024-2028	3,515,000	2,074,787	5,589,787
2029-2033	4,310,000	1,284,275	5,594,275
2034-2036	3,075,000	280,800	3,355,800
Total bonds outstanding	16,340,000	9,368,813	25,708,813
Unamortized bond premium	162,386	-	162,386
Total bonds payable	$ 16,502,386	$ 9,368,813	$ 25,871,199

NOTE 8. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible non-exempt employees of the College (as defined by the U.S. Fair Labor Standards Act) are covered by the Utah Public Employees Contributory or Noncontributory Retirement System, and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA).

The College contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System, cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

Effective July 1, 2011, Tier 2 was created within the State and School Contributory Retirement System for those persons entering full-time employment with a participating employer. The employee must make an election to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution Plan, within one year of his/her employment date.

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code*. The Utah State Retirement and Insurance Benefit Act in Title 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by contacting Utah Retirement Systems, www.urs.org.

Plan members in the Tier 1 State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and the College is required to contribute 14.27% of their annual covered salary. Plan members in the Tier 2 State and School Contributory Retirement System are not required to contribute, but the College is required to contribute 15.06% of their annual covered salary. In the State and School Noncontributory Retirement System, the College is required to contribute 18.76% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The College's contributions to the State and School Contributory Retirement System for the years ended June 30, 2013, 2012, and 2011 were $39,254, $29,701, and $38,003 respectively. The College's contributions to the Noncontributory Retirement System for the years ended June 30, 2013, 2012, and 2011 were $721,092, $665,236, and $691,667 respectively. The contributions were equal to the required contributions for each year.

Employees who participate in the Tier 2 State and School Contributory Retirement System are also participants in a qualified contributory 401(k) savings plan administered by the system. The College contributes 2.41% of the employee's annual salary to the defined benefit hybrid plan and 10.0% of the employee's annual salary to the defined contribution plan. Employees who participate in the State and School Noncontributory pension plan are also participants in a qualified contributory 401(k) savings plan administered by the system. The College contributes 1.5% of the employee's annual salary to the plan. During the year ended June 30, 2013, the College's contribution for all plans totaled $59,904 and employees' contributions for all plans totaled $101,541.

TIAA provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are generally based on the value of the individual contracts 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 years ending June 30, 2013, 2012, and 2011, the College's contribution to this defined contribution plan was 14.2% of the employee's annual salary or $1,244,887, $1,146,859, and $1,145,059 respectively. During the year ended June 30, 2013, the employees' contributions to this plan totaled $190,173. The College has no further liability once annual contributions are made.

NOTE 9. CONSTRUCTION COMMITMENTS

The State of Utah's Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for state institutions, maintains records, and furnishes cost information for recording capital assets on the books of the College.

As of June 30, 2013, the College had an outstanding commitment to DFCM for the construction of the new residence hall totaling $95,587. This commitment represents the College's remaining cost share for the new construction and remodeling.

NOTE 10. CONTRACTED AUXILIARY SERVICES

On September 23, 2009, the College renewed its contract with Follett College Stores Corporation (Follett) of Oak Brook, Illinois, to provide bookstore services for the College's Ephraim Campus. The terms of the new contract run from October 1, 2009, to September 30, 2014, with a renewable option. The contract requires Follett to pay the College on a monthly basis 5% of all gross revenue up to $1,000,000 and 10% of all gross revenue over $1,000,000. The contract also requires Follett to provide annually $2,000 in textbook scholarships.

On July 6, 2008 the College renewed its contract with Sacco Dining Services (Sacco) requiring them to provide management services for the College's Ephraim Campus Cafeteria and Café for five years. The terms of this contract require the College to pay a yearly management fee. For the period ending June 30, 2013 this fee was $45,062. Twice each month, Sacco will provide the College with an invoice stating the management fee and an itemization of all related payroll costs. The College pays all related expenses, and retains net income/loss. The five year contract sets the management fee for each of the five years on a stepped up basis, not exceeding 2% per step.

The above contract revenues have been recorded as auxiliary enterprises revenues.

NOTE 11. RISK MANAGEMENT

The College maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (buildings and equipment) through policies administered by the Utah State Risk Management Fund. The College also participates in the Public Employees Health Plan administered by the State of Utah. The College's liabilities for both plans are limited to the premiums paid. Employees of the College and authorized volunteers are covered by workers' compensation and employees' liability through the Workers Compensation Fund of Utah.

NOTE 12. BLENDED COMPONENT UNIT

The Foundation is a component unit of the College and has been consolidated in these financial statements as a blended component unit. The Foundation is a dependent foundation of the College and is reported as part of Snow College because its primary purpose is to support the mission of the College.

Condensed information for the College's blended component unit for the year ended June, 30, 2013, is presented as follows:

Condensed Statement of Net Position
June 30, 2013

ASSETS	
Current assets	$ 65,160
Capital assets	799,929
Total assets	865,089
LIABILITIES	
Current liabilities	5,117
Noncurrent liabilities	48,116
Total liabilities	53,233
NET POSITION	
Net investments in capital assets	746,721
Unrestricted	65,135
Total net position	$ 811,856

SNOW COLLEGE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013

OPERATING REVENUES	
Operating revenues	$ -
Total operating revenues	-
OPERATING EXPENSES	
Operating Expenses	611,064
Depreciation	3,076
Total operating expenses	614,140
Net operating income (loss)	(614,140)
NONOPERATING REVENUES (EXPENSES)	
Donations	584,984
Net nonoperating revenues (expenses)	584,984
Capital contributions	100,000
Increase (decrease) in net position	70,844
Net position, July 1, 2012	741,012
Net position, June 30, 2013	$ 811,856

Condensed Statement of Cash Flows
For the Year Ended June 30, 2013

Net cash provided (used) by operating activities	$ (611,064)
Net cash provided (used) by nonoperating activities	659,984
Net increase (decrease) in cash and cash equivalents	48,920
Cash and cash equivalents, July 1, 2012	(8,760)
Cash and cash equivalents, June 30, 2013	$ 40,160