



2013-2014
Financial Report

Mississippi University
for Women

A Tradition of Excellence for Women and Men

TABLE OF CONTENTS

Financial Report

Fiscal Year Ended June 30, 2014

Management's Discussion and Analysis	1
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements.....	22

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Introduction

The purpose of the annual report is to provide readers with information about the current activities, resulting changes, and currently known facts with respect to the financial condition of Mississippi University for Women (the University or MUW), a component unit of the State Institutions of Higher Learning (IHL), and the State of Mississippi. The report consists of three basic financial statements that provide information on the University 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 reports begin on page 17 and should be read in conjunction with the notes to the financial statements. The following summary and management discussion of the results is intended to provide the readers with an overview of the changes in the financial position of MUW as of and for the years ended June 30, 2014 and 2013. Prior year balances have been reclassified to conform to the current year presentation.

The Institution

A Carnegie Master's S public institution, Mississippi University for Women provides high-quality undergraduate and graduate education for women and men in a variety of liberal arts and professional programs, while maintaining its historic commitment to academic and leadership development for women. MUW emphasizes a personalized learning environment in all of its educational programs, which are offered through the College of Arts and Sciences, College of Business and Professional Studies, College of Education and Human Sciences, and College of Nursing and Speech Language Pathology. MUW delivers selected programs and courses through distance education formats to provide educational opportunities throughout Mississippi and the United States, while addressing the unique educational and public service needs of northeast Mississippi and adjoining counties in northwest Alabama. MUW supports research, scholarship, and creativity to enhance faculty development and student learning and to advance knowledge in the disciplines offered by the university.

Our four colleges feature more than 50 outstanding majors and concentrations. The campus serves a population of approximately 3,200 University students and 250 residential Mississippi School for Mathematics and Science (MSMS) high school juniors and seniors. The University serves as the fiscal agent for MSMS, and the financial information for MSMS is included in this report. Together with MSMS, the University employs approximately 400 employees.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Financial Highlights (Comparison of Fiscal Years 2014 and 2013)

- The FY 2014 appropriations for the IHL system for educational and general operations (E & G) at the eight universities was \$19.4 million, or 5.3% greater than in FY 2013. MUW received \$1.1 million, or 8% more in FY 2014 than was appropriated in FY 2013.
- At the October 2013 Board meeting, IHL approved a \$100 decrease in annual tuition, offset by a \$100 annual capital improvements fee, effective fall 2014.
- Every 10 years, institutions accredited by the Southern Association of College and Schools Commission on Colleges (SACSCOC) undergo an intensive self-study, followed by a thorough review by peers, to determine their compliance with SACSCOC Principles of Accreditation. MUW submitted its Self-Study document in Fall of 2013, which was extensively reviewed by an off-site committee of peer educators. Based on their feedback, MUW submitted a focused report in February, 2014, providing additional documentation and details. In March, 2014, a team of peer educators performed an on-site visit to examine data and interview a variety of individuals to determine whether MUW is in compliance with all standards. At the annual SACSCOC meeting in December MUW will learn the results of the reaffirmation of accreditation.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of 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 Mississippi University for Women. 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 footnotes 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 University. They are also able to determine how much the institution owes vendors, employees and lending institutions. Finally, the Statement of Net Position indicates whether the overall financial position has improved or worsened during the year, and informs the reader of the availability of assets for expenditure by the University.

A summarized comparison of the University's Statement of Net Position at June 30, 2014 and 2013 is as follows:

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Statement of Net Position
(thousands of dollars)
(May not sum to total due to rounding.)

	June 30	
	2014	2013
Assets:		
Current assets	\$12,556	\$11,069
Capital assets, net	94,734	92,529
Other assets	<u>12,214</u>	<u>13,655</u>
Total assets	<u>119,504</u>	<u>117,253</u>
Liabilities:		
Current liabilities	4,469	4,043
Noncurrent liabilities	<u>2,838</u>	<u>2,334</u>
Total liabilities	<u>7,307</u>	<u>6,377</u>
Net position:		
Invested in capital assets, net of related debt	94,428	92,529
Restricted – expendable	2,693	2,882
Restricted – nonexpendable	1,110	2,915
Unrestricted	<u>13,966</u>	<u>12,551</u>
Total net position	<u>\$112,197</u>	<u>\$110,877</u>

A review of the Statement of Net Position at June 30, 2014 and 2013 shows that the University is financially stable. The total net position increased by \$1.3 million, primarily due to the increase in capital assets, offset by the increase in non-current liabilities. Current assets consist of cash and cash equivalents, short term investments, accounts receivable, student notes receivable, and prepaid expenses. Total current assets increased by \$1.49 million. The composition of current assets remained relatively stable from FY 2013 to FY 2014. A decrease in current cash and cash equivalents was more than offset by an increase in accounts receivable. Net accounts receivable increased as a percentage of current assets from 28% to 41%. Net student accounts receivable remained flat. Current cash and cash equivalents decreased by \$774 thousand, and decreased as a percentage of current assets from 69% to 55%.

Non-current assets consist of restricted cash, cash equivalents, endowment investments, other long-term investments, student notes receivable and capital assets, net of accumulated depreciation. Total non-current assets increased by \$764 thousand, with the increase being additions to net capital assets, offset by a decrease in restricted cash.

Current liabilities consist of accounts payable, deferred revenue, the current portion of accrued leave, the current portion of long-term liabilities, and other current liabilities.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Total current liabilities increased by \$426 thousand. Accounts payable and other accrued liabilities increased by \$231 thousand, and deferred revenue for summer school increased by \$195 thousand during FY 2014.

Non-current liabilities are primarily made up of accrued leave liabilities, capital leases payable, and the federal portion of Perkins loans. Total non-current liabilities increased by \$504 thousand, with an increase of \$518 thousand in capital leases payable, offset by a reduction in the federal portion of Perkins loans. Capital leases were used to fund improvements in campus technology infrastructure and to purchase multi-passenger golf carts for use on campus.

The university's net position represents the residual interest in the University's assets after liabilities are deducted. MUW's total net position increased by \$1.3 million or 1.2% between fiscal years 2014 and 2013. This increase is due to a \$1.9 million increase in net capital assets, offset by a reduction in restricted net assets. After an internal audit review of university endowments, \$1.84 million that had been recorded as an endowment fund (restricted non expendable) was determined to be a quasi-endowment funds, which are unrestricted funds.

The net position is divided into three major categories. The first category, invested in capital assets, net of related debt, provides the institution's equity in property, plant and equipment owned by the institution. Net assets invested in capital assets increased by \$1.9 million in FY 2014.

The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes and must remain intact in perpetuity. This category includes \$823 thousand nonexpendable net assets restricted for scholarships and fellowships, and \$287 thousand restricted for other purposes. Expendable restricted net assets are available for expenditure by the University, 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 University's expendable restricted net assets are restricted for scholarships and fellowships, capital projects and student loans. Expendable restricted net assets decreased by \$188 thousand from \$2.88 million in FY 2013 to \$2.69 million in FY 2014.

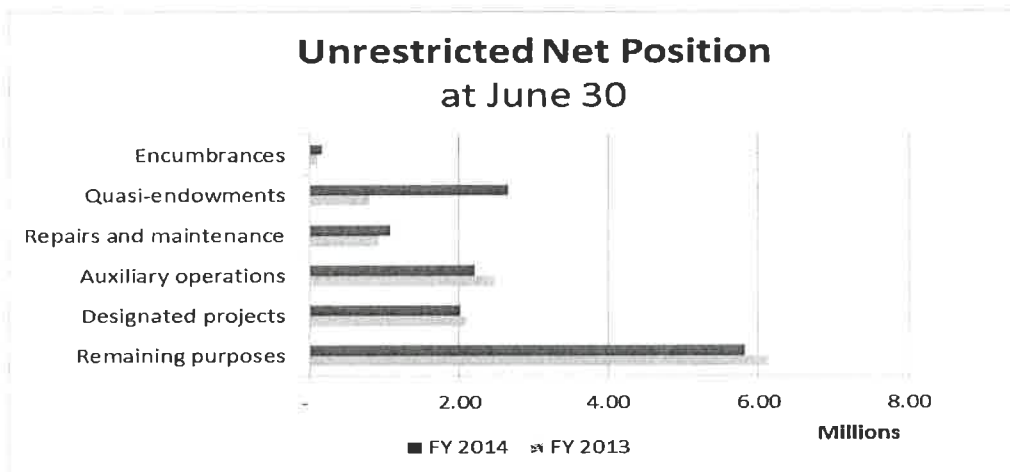
The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution. Many of the University's unrestricted net assets have been reserved for specific purposes, such as repairs and maintenance, auxiliary enterprises, or designated for certain functional expenditures.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

**Net Position
June 30, 2014**



Overall, unrestricted net assets increased by \$1.41 million during FY 2014. Quasi-endowments increased by \$1.86 million, mainly due to the reclassification of \$1.84 million from restricted unexpended net assets. Unrestricted net assets reserved for repairs and maintenance increased by \$153 thousand in FY 2014. Unrestricted net assets reserved for auxiliary operations and designated purposes decreased by \$275 thousand and \$81 thousand, reflecting the use of these funds for improvements to residence halls and other designated projects. The following chart shows the composition of unrestricted net position at June 30, 2014 and 2013.



**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the University, as well as the nonoperating revenues and expenses. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. 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 Institutions of Higher Learning, and allocated to the University, without the Legislature directly receiving commensurate goods and services for those revenues. Other revenues include gifts, grants and appropriations restricted for capital assets. Capital projects funded by state general obligation bonds include the expansion and renovation of Fant Library.

Statement of Revenues, Expenses and Changes in Net Position
(thousands of dollars)
(May not sum to total due to rounding.)

	Fiscal Year Ended June 30,	
	2014	2013
Operating revenues:		
Net tuition and fees	\$11,721	\$11,155
Grants and contracts	8,398	9,204
Auxiliary, net	2,782	2,887
Other	<u>1,494</u>	<u>1,337</u>
Total operating revenues	24,395	24,583
Operating expenses	<u>45,688</u>	<u>44,130</u>
Net operating expenses	<u>(21,293)</u>	<u>(19,547)</u>
Nonoperating revenues (expenses):		
State appropriations	15,007	13,892
Grants and gifts	5,315	5,848
Investment income	127	(12)
Other nonoperating revenues	31	(3)
Other nonoperating expenses	<u>(1,841)</u>	<u>(830)</u>
Net nonoperating revenues	<u>18,639</u>	<u>18,895</u>
Other revenues, expenses, gains and losses		
Capital grants and gifts	0	72
State appropriations restricted for capital assets	3,753	8,956
Additions to permanent endowments	55	(15)

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Other additions/(deletions)	<u>149</u>	<u>(156)</u>
Total other revenues, expenses, gains and losses	<u>3,957</u>	<u>8,857</u>
Increase (decrease) in net position	1,303	8,205
Net position		
Net position – beginning of year, as originally reported	110,877	102,601
Prior period adjustments	<u>18</u>	<u>70</u>
Net position – beginning of year, restated	110,895	102,671
Net position – end of year	<u>\$112,197</u>	<u>\$110,877</u>

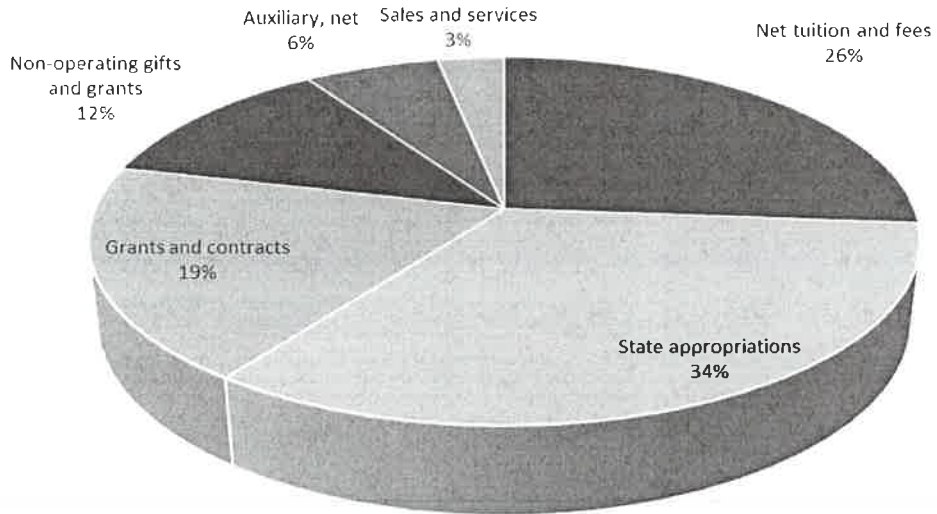
The Statement of Revenues, Expenses, and Changes in Net Position reflect an increase in net assets of over \$1.3 million at the end of FY 2014. Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position follow.

Net tuition and fees increased by \$566 thousand in FY 2013. This is the result of an increase in gross tuition and fees of \$841 thousand, an increase in scholarship allowances of \$270 thousand, and an increase of \$5 thousand in bad debt expense. Scholarships applied to student accounts are shown as a reduction of student tuition and auxiliary fee revenues. This includes internally funded scholarships, and federal and state financial aid programs. In the operating expenses section, amounts that are actually paid to students are reported as scholarship and fellowship expense.

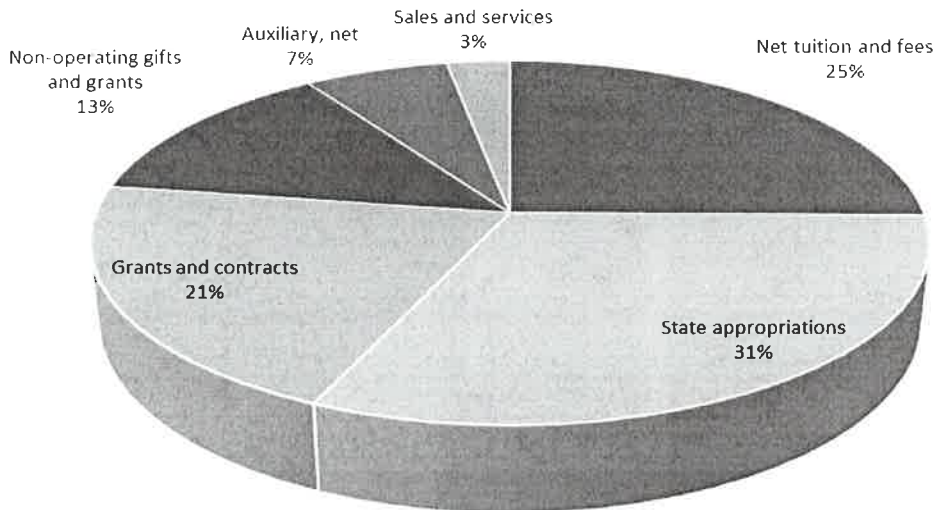
Operating and non-operating revenue sources are shown in the following pie charts. While net tuition and fees increased \$566 thousand from FY 2013, grants and contracts and non-operating gifts and grants decreased by \$1.34 million. Reductions in federal grants and contracts from the U.S. Department of Education and state funded grants and contracts accounted for most of the reduction in grants and contracts.

Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Operating and Non-Operating Revenue
FY 2014

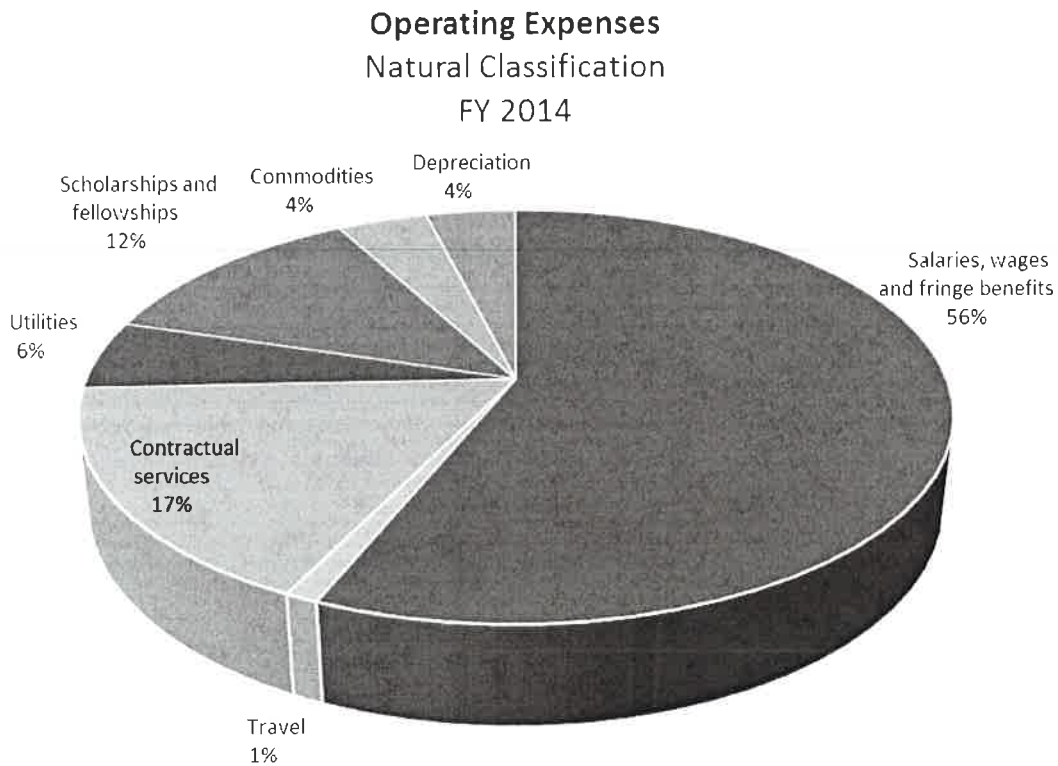


Operating and Non-Operating Revenue
FY 2013

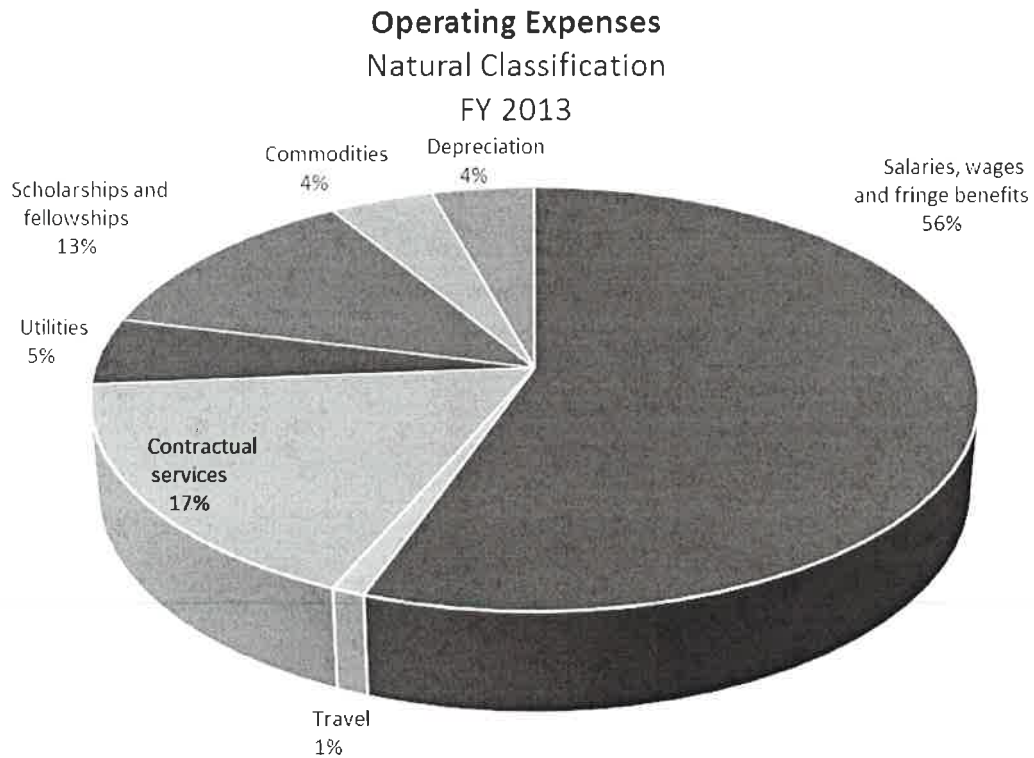


**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

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 institution. These expenses are displayed by the type of goods or services purchased, and then by functional area of campus activity. Operating expenses increased by \$1.56 million in FY 2014. This increase is the effect of increases in salaries, wages and fringe benefits of \$1.13 million, an increase of \$191 thousand in utilities, an increase of \$128 thousand in contractual services, a \$110 thousand increase in scholarships and fellowships, and other changes.



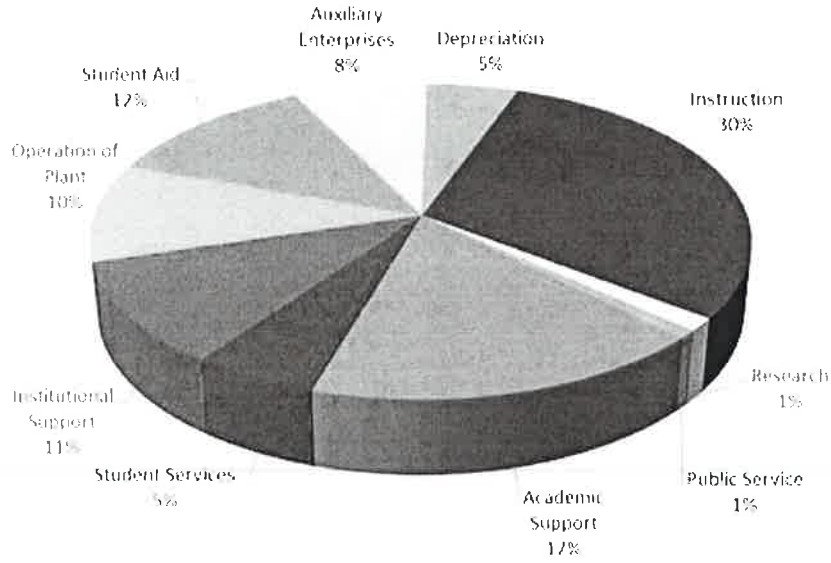
**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**



Functional classifications are the traditional categories that universities have used. They represent the type of programs and services that the University provides. This classification is presented with additional detail in Note 16 of the *Notes to Financial Statements*. The \$1.56 million increase in operating expenses in FY 2013 was primarily in the functional areas of instruction and auxiliary enterprises. The decrease in research was offset by increases in institutional support, academic support, operation of plant and student aid. Auxiliary enterprise expenses reflect the enhancements to residence halls during FY 2014.

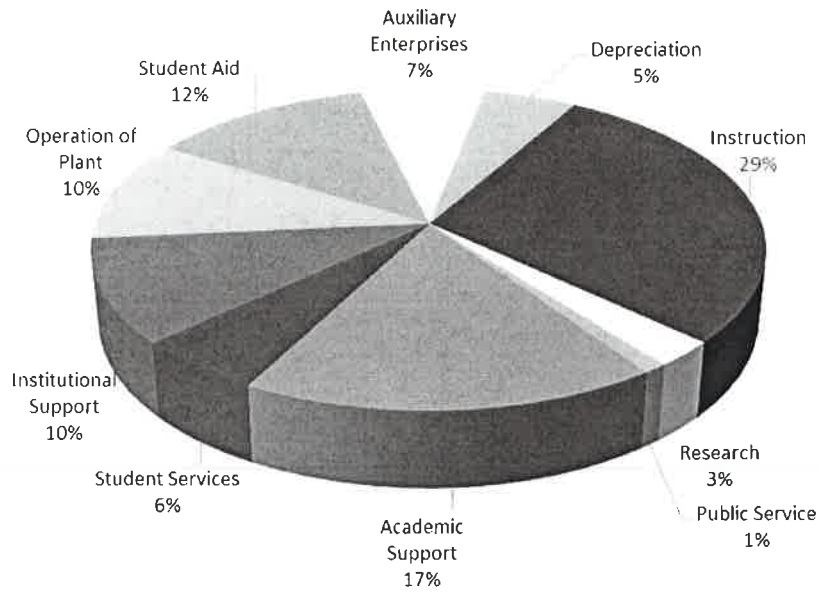
**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

**Operating Expenses
Functional Classification
FY 2014**



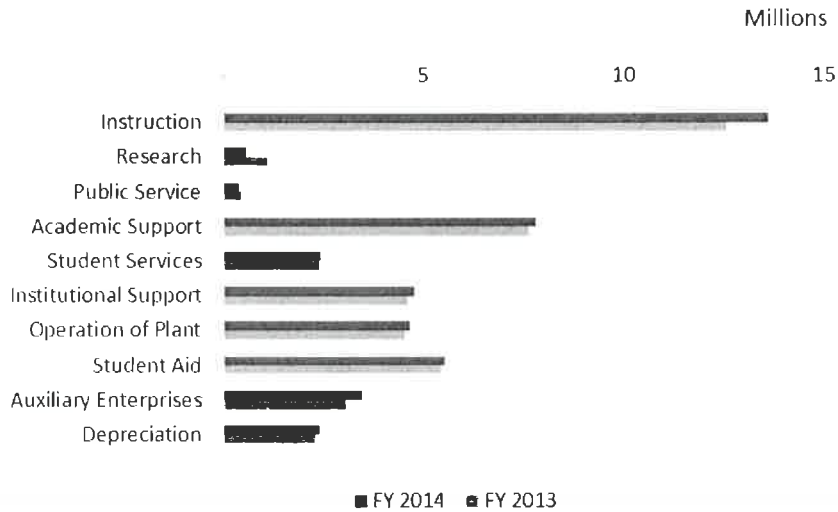
**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

**Operating Expenses
Functional Classification
FY 2013**



**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

**Operating Expenses
Functional Classification**



Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

The first section of this report reflects cash flows from operating activities of the institution. The primary cash receipts from operating activities consist of tuition, grants and contracts. Cash outlays include payments to employees for salaries and benefits, payments to suppliers, payments for utilities, and payments for scholarships and fellowships. Overall net cash used by operations increased approximately \$3.6 million from FY 2013. This was mainly due to \$2.5 million less in cash provided from grants and contracts and \$1 million more cash used for payments to employees for salaries and benefits.

The second section of this report reflects cash flows from noncapital financing activities. State appropriations are the primary source of noncapital financing. Governmental Accounting Standards Board (GASB) standards require that we reflect this source of revenue as nonoperating even though the University's budget depends on this to continue the current level of operations. Other non-capital financing activities are receipts and disbursements of student loans, Pell and SEOG grants. Cash provided by noncapital financing activities increased by \$297 thousand over FY 2013. This is a result of

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

increased state appropriations, netted against less cash received for gifts and grants and increased cash for other uses.

The third section deals with cash flows from capital and related financing activities. The University used approximately \$465 thousand more for capital in FY 2014 than in FY 2013. The University received \$725 thousand from capital debt and \$385 thousand in capital appropriations and paid \$1.5 million more for capital assets than in FY 2013.

The fourth section reflects purchases, proceeds and interest received from both short and long-term investing activities. In FY 2014 the University had \$44 thousand in net cash used for investing activities, compared to over \$137 thousand cash provided by investing activities in FY 2013. The final section of the report reconciles the net cash provided to the operating income reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Statement of Cash Flows
(thousands of dollars)
(May not sum to total due to rounding.)

	June 30,	
	2014	2013
Cash flows for the fiscal year ended		
Cash provided (used by):		
Operating activities	(\$20,763)	(\$17,173)
Noncapital financing activities	19,195	18,898
Capital financing activities	(809)	(345)
Investing activities	<u>(44)</u>	<u>137</u>
Net change in cash	\$2,421	\$1,517
Cash and cash equivalents - beginning of year	<u>7,647</u>	<u>6,130</u>
Cash and cash equivalents - end of year	<u>\$5,226</u>	<u>\$7,647</u>

Capital Asset Administration

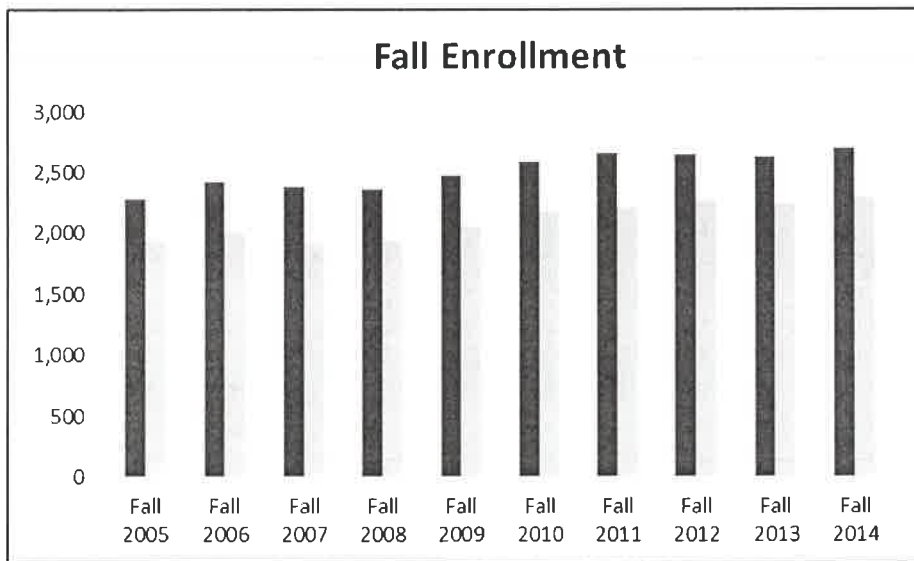
The University currently has \$5.1 million in construction projects funded through general obligation bonds issued by the State of Mississippi. These projects are administered by the Bureau of Building, Grounds and Real Property office of the Mississippi Department of Finance and Administration and the University.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

	Total Costs to Complete
Fant Library Phase II	\$ 4,960,904
Callaway & Grossnickle Fire Suppression Project	161,478
Stovall Renovation and Refoof	12,427
Total	\$ 5,134,809

Enrollment

The University has experienced a net 18% increase in both headcount enrollment and full-time equivalency (FTE) enrollment from fall 2005 to fall 2014.



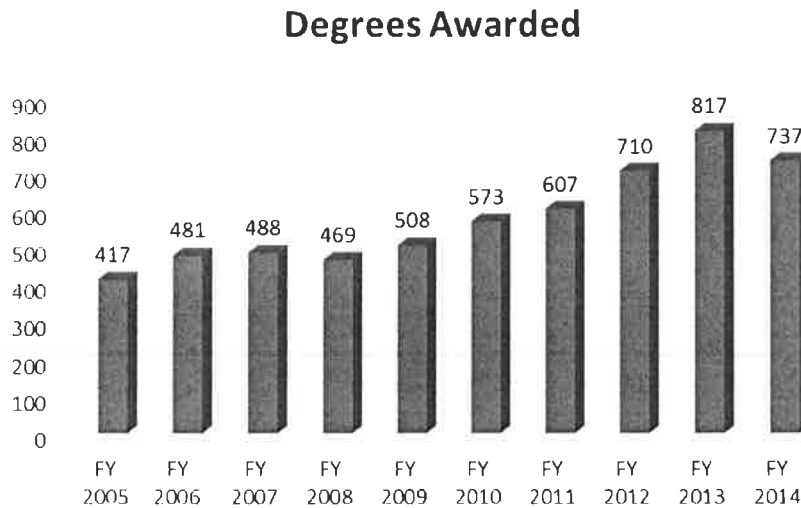
The annual total headcount was 3,207 in FY 2014, an increase of 8% over FY 2009. The annual total FTE enrollment was 2,559, an increase of 19% over FY 2009.

The University expects and plans to continue a pattern of steady enrollment. Online completion degree programs and close partnerships with community and junior colleges have been developed to offset the declining demographic of 18 year olds entering college.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Degrees Awarded

A total of 737 degrees were awarded during the FY 2014. This represents a 10% decrease over the prior year, and a 78% increase over FY 2005. The following chart reflects the total degrees awarded each year since FY 2005.

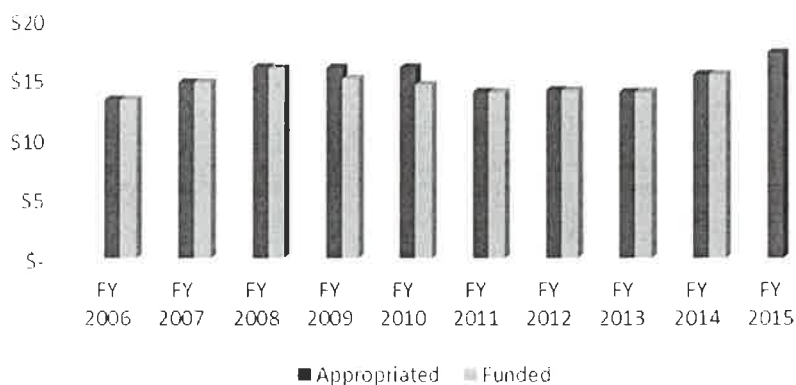


Outlook

Since FY 2008, the weak national economy has also meant less tax revenue for Mississippi and increased demands on government, resulting in declining appropriations for higher education. State appropriations for FY 2014 were 4% less than the amount appropriated in FY 2008. Shortfalls in the FY 2010 and FY 2011 appropriations were supplemented by \$1.16 and \$1.81 million, respectively, in American Recovery and Reinvestment Act (ARRA) stimulus funds. With a now strengthening economy, IHL was appropriated an additional \$13.44 million in FY 2014 over FY 2013, and an additional \$24.1 million in FY 2015 over FY 2014.

**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

**Appropriations FY 2006 - FY 2015
(in millions)**



The IHL adopted a revised allocation model for the university system that was used to allocate the FY 2014 state appropriations. The new model includes performance measures, such as graduation and retention rates and productivity outcomes. The model also considers the varying costs incurred for teaching various disciplines and levels of courses, and in operating the campus as a whole. Ninety percent of the funding formula is based on three year rolling averages of student credit hour production, which allows for some predictability going forward. As a result of the overall increase in state funding, and the adoption of the new allocation model, MUW received an additional \$1.46 million in FY 2014 appropriations over the prior year, and for FY 2015 MUW's allocation is \$1.81 million over the FY 2014 allocation.

The increase in state appropriations enabled the university to address faculty salaries and technology infrastructure while holding tuition level for FY 2015 and designating \$100 of annual tuition for capital improvements and infrastructure. The university is focused on performance measures aligned with the recruitment, retention and degree completion of our students.

Nora R. Miller
Senior Vice President for Administration and Chief Financial Officer

**Mississippi University for Women
STATEMENT OF NET POSITION**

		June 30,	
		2014	2013
Assets			
Current assets:			
Cash and cash equivalents	\$	6,846,118	\$ 7,619,731
Accounts receivables, net		5,072,257	3,026,321
Student notes receivables, net		112,242	111,939
Prepaid expenses		525,159	310,947
Other current assets			
Total current assets		12,555,776	11,068,938
Restricted cash and cash equivalents		(1,620,151)	27,217
Endowment investments		3,764,200	3,726,983
Other long term investments		8,779,054	8,613,551
Student notes receivable, net		1,290,786	1,287,293
Capital assets, net		94,734,458	92,529,331
Total non-current assets		106,948,347	106,184,375
Total assets	\$	119,504,123	\$ 117,253,313
Deferred outflows of resources	\$	-	\$ -
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$	2,519,806	\$ 2,408,527
Unearned revenues		1,390,801	1,195,647
Accrued leave liabilities - current portion		47,314	44,507
Long term liabilities - current portion		139,054	-
Other current liabilities		371,980	394,448
Total current liabilities		4,468,955	4,043,129
Non-current liabilities:			
Accrued leave liabilities		1,135,532	1,068,180
Long term liabilities		517,835	-
Other non-current liabilities		1,184,812	1,265,364
Total non-current liabilities		2,838,179	2,333,544
Total liabilities	\$	7,307,134	\$ 6,376,673
Deferred inflows of resources	\$	-	\$ -
Net position:			
Net invested in capital assets	\$	94,427,997	\$ 92,529,331
Restricted for:			
Nonexpendable -			
Scholarships and fellowships		823,451	1,239,002
Other purposes		286,659	1,675,842
Expendable -			
Scholarships and fellowships		347,191	587,175
Capital projects		2,110,352	2,044,508
Loans		235,653	249,868
Unrestricted		13,965,686	12,550,914
Total net position	\$	112,196,989	\$ 110,876,640

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

Mississippi University for Women
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	June 30,	
	2014	2013
Operating revenues:		
Tuition and fees	\$ 17,753,672	\$ 16,912,217
Less: Scholarship allowances	(5,911,964)	(5,640,976)
Less: Bad debt expenses	(120,794)	(116,130)
Net tuition and fees	\$ 11,720,914	\$ 11,155,111
Federal grants and contracts	140,470	662,421
State grants and contracts	6,281,367	6,375,644
Nongovernmental grants and contracts	1,975,859	2,166,034
Sales and services of educational departments	1,371,598	1,273,700
Auxiliary enterprises:		
Student housing	2,005,309	2,163,681
Food services	1,667,691	1,728,513
Bookstore	141,557	112,742
Other auxiliary revenues	191,902	182,170
Less: Auxiliary enterprise scholarship allowances	(1,224,112)	(1,300,244)
Other operating revenues, net	122,117	63,530
Total operating revenues	\$ 24,394,672	\$ 24,583,302
Operating expenses:		
Salaries and wages	\$ 19,510,986	\$ 18,804,433
Fringe benefits	5,877,401	5,452,574
Travel	468,911	462,051
Contractual services	7,662,758	7,534,498
Utilities	2,421,660	2,230,916
Scholarships and fellowships	5,553,512	5,443,861
Commodities	1,793,582	1,901,965
Depreciation/amortization expense	2,399,262	2,299,627
Total operating expenses	\$ 45,688,072	\$ 44,129,925
Operating income (loss)	\$ (21,293,400)	\$ (19,546,623)
Nonoperating revenues (expenses):		
State appropriations	\$ 15,007,489	\$ 13,891,513
Gifts and grants	5,314,873	5,848,250
Investment income (loss)	136,736	(11,653)
Interest expense on capital asset—related debt	(10,005)	(39)
Other nonoperating revenues	31,415	(2,927)
Other nonoperating expenses	(1,841,249)	(830,003)
Total net nonoperating revenues (expenses)	\$ 18,639,259	\$ 18,895,141
Income (loss) before other revenues, expenses, gains and losses	\$ (2,654,141)	\$ (651,482)
Capital grants and gifts	\$ -	\$ 72,201
State appropriations restricted for capital purposes	3,752,834	8,955,825
Additions to permanent endowments	55,098	(15,379)
Other deletions	148,706	(155,773)
Net increase in net assets	\$ 1,302,497	\$ 8,205,393
Net position		
Net position - beginning of year, as originally reported	\$ 110,876,640	\$ 102,600,978
Prior period adjustments	17,852	70,269
Net position - beginning of year, as restated	\$ 110,894,492	\$ 102,671,247
Net position - end of year	\$ 112,196,989	\$ 110,876,640

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

**Mississippi University for Women
STATEMENT OF CASH FLOWS**

	June 30	
	2014	2013
Cash flows from operating activities:		
Tuition and fees	\$ 11,707,859	\$ 11,017,255
Grants and contracts	6,794,292	9,264,701
Sales and services of educational departments	1,365,469	1,277,204
Payments to suppliers	(10,195,869)	(9,844,654)
Payments to employees for salaries and benefits	(25,268,806)	(24,263,445)
Payments for utilities	(2,514,009)	(2,100,238)
Payments for scholarships and fellowships	(5,553,512)	(5,443,861)
Auxiliary enterprise charges:		
Student housing	1,339,034	1,325,782
Food services	1,106,132	1,236,017
Bookstore	141,557	112,742
Other auxiliary enterprises	192,448	182,170
Other receipts	122,116	63,531
Net cash provided (used) by operating activities	\$ (20,763,289)	\$ (17,172,796)
Cash flows from noncapital financing activities:		
State appropriations	\$ 15,007,489	\$ 13,891,513
Gifts and grants for other than capital purposes;	5,297,637	5,875,304
Private gifts for endowment purposes	32,633	(18,669)
Federal loan program receipts	14,570,852	15,820,181
Federal loan program disbursements	(14,570,852)	(15,820,181)
Other sources	239,071	234,828
Other uses	(1,381,775)	(1,085,091)
Net cash provided by noncapital financing activities	\$ 19,195,055	\$ 18,897,885
Cash flows from capital financing activities:		
Proceeds from capital debt	\$ 725,000	\$ -
Cash paid for capital assets	(1,841,006)	(351,743)
Capital appropriations received	384,894	11,489
Principal paid on capital debt and leases	(68,111)	(4,338)
Interest paid on capital debt and leases	(10,005)	(39)
Net cash used by capital and related financing activities	\$ (809,228)	\$ (344,631)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	\$ 603,447	\$ 11,304,706
Interest received on investments	589,441	(304,239)
Purchases of investments	(1,236,407)	(10,863,611)
Net cash provided by investing activities	\$ (43,519)	\$ 136,856
Net increase (decrease) in cash and cash equivalents	\$ (2,420,981)	\$ 1,517,314
Cash and cash equivalents - beginning of the year	7,676,948	6,129,634
Cash and cash equivalents - end of the year	\$ 5,255,967	\$ 7,646,948

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

**Mississippi University for Women
STATEMENT OF CASH FLOWS**

	June 30	
	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (21,293,400)	\$ (19,546,623)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization expense	\$ 2,399,262	\$ 2,299,627
Other	148,796	145,164
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables, net	(2,175,042)	(251,436)
Inventories	-	-
Prepaid expenses	(216,063)	23,714
Other assets		
Increase (decrease) in liabilities:		
Accounts payables and accrued liabilities	74,346	211,872
Deferred revenues	228,653	(126,240)
Deposits refundable		
Accrued leave liability	70,159	71,126
Loans to students and employees		
Other liabilities		
Total adjustments:	\$ 530,111	\$ 2,373,827
Net cash provided (used) by operating activities:	\$ (20,763,289)	\$ (17,172,796)
 NON-CASH TRANSACTIONS:		
1.) State appropriations restricted for capital purposes	\$ 3,407,684	\$ 8,955,825
2.) Unrealized gain/(loss) on fair value of investments	(358,103)	(105,781)
3.) Donation of capital assets	-	72,201
4.) Bureau of buildings and grounds construction-in-progress	(3,407,684)	(8,955,825)
5.) Provision for bad debts	120,797	116,130
6.) Provision for bad debts, Perkins loans	39,609	31,058
7.) capital assets acquired from capital leases	374,571	-

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

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

Nature of Operations – Mississippi University for Women (MUW) is a Carnegie Master’s S public university that provides high-quality undergraduate and graduate education for women and men in a variety of liberal arts and professional programs, while maintaining its historic commitment to academic and leadership development for women. MUW emphasizes a personalized learning environment in all of its educational programs, which are offered through the College of Arts and Sciences, College of Business and Professional Studies, College of Education and Human Sciences, and College of Nursing and Speech Language Pathology. MUW delivers selected programs and courses through distance education formats to provide educational opportunities throughout Mississippi and the United States, while addressing the unique educational and public service needs of northeast Mississippi and adjoining counties in northwest Alabama. MUW supports research, scholarship, and creativity to enhance faculty development and student learning and to advance knowledge in the disciplines offered by the university.

Reporting Entity - The Mississippi Constitution was amended in 1943 to create a Board of Trustees of State Institutions of Higher Learning (IHL). This constitutional Board provides management and control of the senior Mississippi public higher education institutions. These Board members are to be appointed by the Governor with the approval of the Senate. The IHL is considered a component unit of the State of Mississippi reporting entity.

The Board of Trustees consists of twelve members. Four members of the Board of Trustees shall be appointed from each of the three Mississippi Supreme Court districts and, as such vacancies occur, the Governor shall make appointments from the Supreme Court district having the smallest number of Board members until the membership includes four members from each district.

The members of the Board of Trustees as constituted on January 1, 2004, shall continue to serve until expiration of their respective terms of office. Appointments made to fill vacancies created by expiration of members’ terms of office occurring after January 1, 2004, shall be as follows: The initial term of the members appointed in 2004 shall be for eleven years; the initial term of the members appointed in 2008 shall be for ten years; and the initial term of the members appointed in 2012 shall be for nine years. After the expiration of the initial terms, all terms shall be for nine years.

The State of Mississippi Institutions of Higher Learning is considered a component unit of the State of Mississippi and is included in the general purpose financial statements of the State of Mississippi. Accounts of the MUW Foundation are not included in the financial statements as it is a legally separate entity and the University does not appoint any members of its board.

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the “business-type activities” reporting which provides a comprehensive presentation of the University’s financial activities.

Basis of Accounting - The financial statements of the University have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. All significant intra-institutional transactions have been eliminated.

Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements. State appropriations are recognized as nonoperating revenues when eligibility requirements are satisfied.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The accompanying financial statements include estimates for items such as bad debt, accrued expenses and other liability accounts.

Cash Equivalents - For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Short-Term Investments – Short-term investments are investments that are not cash equivalents but mature within the next fiscal year.

Investments - The University 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*. 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. Investments for which there are no quoted marked prices are not material.

Endowment Investments – The University’s endowment investments are generally subject to the restrictions of donor gift instruments. They include donor restricted endowments, which are funds received from a donor with the restrictions that only the income is to be utilized or for which the donor has stipulated that the principal may be

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

expended only after a stated period or upon the occurrence of a certain event, and funds functioning as endowments, which are funds established by institution to function similar to an endowment but may be fully expended at any time at the discretion of the institution.

Accounts Receivable, Net - Accounts receivable consist of tuition and fee charges to students. It also includes amounts due from federal and state governments and nongovernmental sources for financial aid and in connection with reimbursement of allowable expenses made pursuant to university grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

Student Notes Receivable, Net - Student notes receivable consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances expected to be paid during the next fiscal year are presented as current assets on the Statement of Net Position. Those balances that are either in deferment status or expected to be paid back beyond the next fiscal year are presented as noncurrent assets on the Statement of Net Position.

Prepaid Expenses - Prepaid expenses consist of expenditures that are related to projects, programs, activities or revenues of future fiscal periods.

Noncurrent Cash and Investments - Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

Capital Assets - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. For movable property, the IHL System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note # 6 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

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

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Payable and Accrued Liabilities – Accounts payable and accrued liabilities consist of amounts owed to vendors, contractors, or accrued items such as interest, wages, and salaries.

Compensated Absences - Twelve-month employees earn annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to 15 years of service; and from 15 years of service and over, 18 hours per month are earned. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated annual leave.

Nine-month employees earn major medical leave at a rate of 13 1/3 hours per month for one month to three years of service; 14 1/5 hours per month for three to eight years of service; 15 2/5 hours per month for eight to 15 years of service; and from 15 years of service and over, 16 hours per month are earned. There is no limit on the accumulation of sick leave. At retirement, these employees are paid for up to 240 hours of accumulated major medical leave.

Noncurrent Liabilities - Noncurrent liabilities include (1) capital lease obligations; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Government Advances Refundable – The University participates in the Federal Perkins Loan Program, which is funded through a combination of Federal and institutional resources. The portion of these programs that has been funded with Federal funds is ultimately refundable to the U.S. government upon the termination of participation in the program. The portion that would be refundable if the program were terminated has been presented as other long-term liabilities and approximated \$1,184,812 and \$1,265,364 as of June 30, 2014 and 2013, respectively.

Income Taxes – The University is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal and state income taxes. However, the University does remain subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded because, in the opinion of management, there is no significant amount of taxes on such unrelated business income.

Revenues and Expenditures - MUW has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Operating revenues and expenses have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include (1) student tuition and fees; (2) sales and services of auxiliary enterprises; (3) most federal, state and local grants and contracts; and (4) other operating revenues. Examples of operating expenses include (1) employee compensation, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies and other services; (4) professional fees; and (5) depreciation expenses related to certain capital assets.

Non-operating revenues have the characteristics of non-exchange transactions. Examples of non-operating revenues include state appropriations, gifts, and contributions. Non-operating expenses are defined in GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34. Examples of non-operating expenses include interest on capital asset related debt and bond expenses.

Auxiliary Enterprise Activities - Auxiliary enterprises typically exist to furnish goods or services to students, faculty, or staff at a fee directly related to, although not necessarily equal to, the cost of the goods or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Examples are residence halls, food services, and bookstores. The general public may be served incidentally by auxiliary enterprises.

Scholarship Discounts and Allowances - Financial aid to students is reported in the financial statements using the alternative method in accordance with GASB and generally accepted accounting principles. Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Net Position – The IHL System adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in FY 2013, and, as a result, began reporting equity balances (previously referred to as Net

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets) as “Net Position.” Net position represents the difference between assets and liabilities in a statement of financial position and is displayed in three components – net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

Net investment in capital assets represents the University’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of net investment in capital assets.

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

Restricted, expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. When both restricted and unrestricted resources are available for use, it is generally the University’s policy to utilize restricted resources first, and then unrestricted resources as needed.

Unrestricted net position – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of 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 University, and may be used to meet current expenses for any purpose. These resources also include Auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Note 2 - Prior Period Adjustments

Net position at July 1, 2013 was increased by \$17,852 to recognize adjustments that pertained to prior periods, as detailed in the following table:

**Mississippi University for Women
Notes to Financial Statements
June 30, 2014**

Note 2 - Prior Period Adjustments (continued)

<u>Explanation(s)</u>		Additions (Deductions) <u>at June 30, 2014</u>
Capital assets adjustments	\$	(9,296)
Unrecorded receivable		27,148
Total Adjustments	\$	<u>17,852</u>

Net position at July 1, 2012 was increased by \$70,269 to recognize adjustments that pertained to prior periods, as detailed below:

<u>Explanation(s)</u>		Additions (Deductions) <u>at June 30, 2013</u>
Capital assets adjustments	\$	(10,417)
Unrecorded receivable		80,686
Total Adjustments	\$	<u>70,269</u>

Note 3 - Cash and Investments

Policies:

Cash and Cash Equivalents: Investment policies for cash and short-term investments as set forth by Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements.

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the University's endowment are included in noncurrent investments.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the University's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 3 - Cash and Investments (continued)

Investments: Investment policies as set forth by Board policy as authorized by state statute (Section 37-101-15 MS Code Ann. 1972) and the Uniform Management of Institutional Funds Act of 1998, authorize the universities to invest in equity securities, bonds and other securities. Investments are reported at fair value.

The following table presents the fair value of investments by type at June 30, 2014 and 2013:

Investment Type	Fair Market Value	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
U.S. Government Agency Obligations	\$ 10,000,408	\$ 9,654,500
Municipal Bonds	2,383,725	2,526,913
Money Market Funds	-	-
Certificate of Deposit	-	-
Land Grant Principal Assumed by State	156,600	156,600
	<u><u>\$ 12,540,733</u></u>	<u><u>\$ 12,338,013</u></u>

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The University had no investments exposed to custodial credit risk at June 30, 2014 and 2013.

Interest Rate Risk

Interest Rate Risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. The State of Mississippi Institutions of Higher Learning System does not presently have a formal policy that addresses Interest Rate Risk.

As of June 30, 2014 and 2013, the institution had the following investments subject to Interest Rate Risk:

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 3 - Cash and Investments (continued)

FY 2014

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 10,000,408	\$ -	\$ 692,819	\$ 2,703,982	\$ 6,603,607
Municipal Bonds	2,383,725	-	1,797,850	585,875	-
	<u>\$ 12,384,133</u>	<u>\$ -</u>	<u>\$ 2,490,669</u>	<u>\$ 3,289,857</u>	<u>\$ 6,603,607</u>

FY 2013

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 9,654,500	\$ 691,665	\$ -	\$ 2,353,850	\$ 6,608,985
Municipal Bonds	2,526,913	101,249	759,161	1,556,635	109,868
	<u>\$ 12,181,413</u>	<u>\$ 792,914</u>	<u>\$ 759,161</u>	<u>\$ 3,910,485</u>	<u>\$ 6,718,853</u>

Credit Risk

The State of Mississippi Institutions of Higher Learning System does not presently have a formal policy that addresses Credit Risk. As of June 30, 2014 and 2013, the institution had the following investment credit risk:

	Fair Market Value	
	June 30, 2014	June 30, 2013
AAA	\$ -	\$ -
AA+	8,750,888	8,406,148
AA	2,383,725	2,526,913
A	-	-
Not Rated	1,249,520	1,248,352
Total	<u>\$ 12,384,133</u>	<u>\$ 12,181,413</u>

The credit risk ratings listed above are issued upon standards set by Standard & Poor's Ratings Services.

Concentration of Credit Risk

Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The IHL System does not presently have a formal policy that addresses Concentration of Credit Risk.

At June 30, 2014 and 2013, respectively, the University had the following issuers holding investments that exceeded 5% of total investments.

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 3 - Cash and Investments (continued)

	June 30, 2014	% of Total Investments
Federal Home Loan Bank	\$3,304,640	26.68%
Federal Farm Credit Bank	750,524	6.06%
First National Data Bank	4,695,724	37.92%
Municipal Tax Bonds	2,383,725	19.25%

	June 30, 2013	% of Total Investments
Federal Home Loan Bank	\$3,027,355	24.85%
First National Data Bank	4,687,128	38.48%
Municipal Tax Bonds	2,526,913	20.74%
Government National Mortgage Association	636,586	5.23%

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2014 and 2013:

	June 30, 2014	Purging Memo Reclassification	June 30, 2014	June 30, 2013
Student tuition	\$ 3,643,884	\$ (300,601)	\$ 3,343,283	\$ 3,264,756
Auxiliary enterprises and other operating activities	25,941		25,941	8,884
Federal, state, and private grants and contracts	2,432,083		2,432,083	771,594
State appropriations	697,004		697,004	572,393
Accrued interest	39,325		39,325	35,767
Other	45,781		45,781	35,891
Total accounts receivable	6,884,018	(300,601)	6,583,417	4,689,285
Less bad debt provision	1,811,761	(300,601)	1,511,160	1,662,965
Net accounts receivable	\$ 5,072,257	\$ -	\$ 5,072,257	\$ 3,026,320

Purging Memo Reclassification: The University is precluded by statute from writing-off or discharging balances owed. This reclassification effectively purges all accounts prior to FY 2002 that have been reserved 100% in the allowance for doubtful accounts.

Note 5 - Notes Receivable from Students

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from the

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 2014 and 2013.

	Interest Rates	June 30, 2014	Current Portion	Non-Current Portion	June 30, 2013
Perkins student loans	3% to 9%	\$1,774,938	\$141,995	\$1,632,943	\$1,731,533
Institutional loans	0% to 9%	1,365	-	1,365	1,365
Total notes receivable		1,776,303	141,995	1,634,308	1,732,898
Less allowance for doubtful accounts		373,275	-	373,275	333,666
Net notes receivable		\$1,403,028	\$141,995	\$1,261,033	\$1,399,232

Note 6 - Capital Assets

Capital assets as of June 30, 2014, and capital asset activity for the year ended June 30, 2014 are summarized as follows:

	July 1, 2013	Additions	Deletions	Prior Period Adjustment	June 30, 2014
Nondepreciable Capital Assets:					
Land	\$ 2,428,606	\$ -	\$ -	\$ -	\$ 2,428,606
Historical Articles and Museum	13,345	-	-	-	13,345
Construction in Progress	4,970,917	3,875,646	7,936,866	-	909,697
Total Nondepreciable Capital Assets	7,412,868	3,875,646	7,936,866	-	3,351,648
Depreciable Capital Assets:					
Improvements other than Buildings	7,326,516	202,421	-	-	7,528,937
Buildings	106,692,306	8,315,810	-	-	115,008,116
Equipment	4,408,864	624,151	520,200	(9,359)	4,503,456
Library Books	3,322,717	65,675	12,826	-	3,375,566
Total Depreciable Capital Assets	121,750,403	9,208,057	533,026	(9,359)	130,416,075
Less Accumulated Depreciation for:					
Improvements other than Buildings	2,466,406	262,520	-	-	2,728,926
Buildings	27,559,983	2,024,837	-	63	29,584,883
Equipment	3,470,969	507,632	454,319	-	3,524,282
Library Books	3,136,582	58,592	-	-	3,195,174
Total Accumulated Depreciation	36,633,940	2,853,581	454,319	63	39,033,265
Capital Assets, Net	\$ 92,529,331	\$ 10,230,122	\$ 8,015,573	\$ (9,422)	\$ 94,734,458

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 6 - Capital Assets (continued)

Capital assets as of June 30, 2013, and capital asset activity for the year ended June 30, 2013 are summarized as follows:

	July 1, 2012	Additions	Deletions	Prior Period Adjustment	June 30, 2013
Nondepreciable Capital Assets:					
Land	\$ 2,428,606	\$ -	\$ -	\$ -	\$ 2,428,606
Historical Articles and Museum	-	13,345	-	-	13,345
Construction in Progress	9,232,805	8,955,825	13,217,713	-	4,970,917
Total Nondepreciable Capital Assets	11,661,411	8,969,170	13,217,713	-	7,412,868
Depreciable Capital Assets:					
Improvements other than Buildings	5,783,475	1,543,041	-	-	7,326,516
Buildings	95,017,634	11,674,672	-	-	106,692,306
Equipment	4,116,982	367,266	75,384	-	4,408,864
Library Books	3,274,269	56,677	8,229	-	3,322,717
Total Depreciable Capital Assets	108,192,360	13,641,656	83,613	-	121,750,403
Less Accumulated Depreciation for:					
Improvements other than Buildings	2,266,537	199,869	-	-	2,466,406
Buildings	25,761,951	1,798,032	-	-	27,559,983
Equipment	3,222,550	320,579	72,160	-	3,470,969
Library Books	3,072,858	53,307	-	10,417	3,136,582
Total Accumulated Depreciation	34,323,896	2,371,787	72,160	10,417	36,633,940
Capital Assets, Net	\$ 85,529,875	\$ 20,239,039	\$ 13,229,166	\$ (10,417)	\$ 92,529,331

As of June 30, 2014 and 2013, capital assets included assets under capital leases with an original cost basis of approximately \$336,993 and \$236,771, respectively and accumulated amortization of approximately \$37,579 and \$167,418, respectively.

The following policies are used to compute depreciation:

	Estimated <u>Useful Lives</u>	Salvage <u>Value</u>	Capitalization <u>Threshold</u>
Buildings	40 years	20%	\$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3 - 15 years	1 - 10%	2,000
Library books	10 years	0%	-

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 7 – Accounts Payable

Accounts payable and accrued liabilities as of June 30, 2014 and 2013, respectively, are as follows:

	June 30, 2014	Current Portion	Non-Current Portion	June 30, 2013
Payable to vendors and contractors	\$ 813,209	\$ 813,209	\$ -	\$ 820,401
Accrued salaries, wages and employee withholdings	2,671,762	1,536,230	1,135,532	2,615,407
Other	217,681	217,681	-	85,406
Total	\$ 3,702,652	\$ 2,567,120	\$ 1,135,532	\$ 3,521,214

All amounts are considered current and expected to be settled within one year.

Note 8 – Unearned Revenues

Unearned revenues as of June 30, 2014 and 2013, respectively, are as follows:

	June 30, 2014	Current Portion	Non-Current Portion	June 30, 2013
Unearned summer school revenue	\$ 1,312,044	\$ 1,312,044	\$ -	\$ 1,117,648
Other	78,757	78,757	-	77,999
Total	\$ 1,390,801	\$ 1,390,801	\$ -	\$ 1,195,647

All amounts are considered current and will be fully recognized within one year.

Note 9 - Long term Liabilities

Long term liabilities of the University consist of capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2014.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	July 1, 2013	Additions	Deletions	June 30, 2014	Due Within One Year	June 30, 2013
Network core upgrade & golf carts	10-Oct-13	2.76%	10-Oct-18	\$ -	\$ 725,000	\$ 68,111	\$ 656,889	\$ 139,055	\$ -
Total Capital Leases				-	725,000	68,111	656,889	139,055	-
Other Long-term Liabilities									
- Accrued leave liabilities				1,112,687	70,159	-	1,182,846	47,314	1,112,687
- Federal portion of Perkins Loans				1,265,364	-	80,552	1,184,812	-	1,265,364
Total Other Long-term Liabilities				2,378,051	70,159	80,552	2,367,658	47,314	2,378,051
Total				\$ 2,378,051	\$ 795,159	\$ 148,663	\$ 3,024,547	\$ 186,369	\$ 2,378,051
Due within one year							186,369		44,507
Total Long-term Liabilities							\$ 2,838,178		\$ 2,333,544

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 9 - Long term Liabilities (continued)

The scheduled maturities of long term liabilities are as follows:

Fiscal Year	Bonded Debt	Capital Leases	Notes Payable	Interest	Total
2015	\$ -	\$ 139,055	\$ -	\$ 17,177	\$ 156,232
2016	-	142,919	-	13,313	156,232
2017	-	146,890	-	9,341	156,231
2018	-	150,973	-	5,259	156,232
2019	-	77,052	-	1,063	78,115
2020-2024	-	-	-	-	-
2025-2029	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 656,889</u>	<u>\$ -</u>	<u>\$ 46,153</u>	<u>\$ 703,042</u>

Note 10 – Operating Leases

Leased property under operating leases is composed of equipment. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30,	Amount
2015	\$ 71,047
2016	61,807
2017	26,071
2018	7,052
2019	1,444
Total Minimum Payments Required	<u>\$ 167,421</u>

Note 11 - Funds Held in Trust by Others

The University has a beneficial interest in \$156,600 of land grant principal that has been assumed by the State of Mississippi. This interest is included in Endowment Investments. The state legislature makes an annual appropriation from the State General Fund, which approximates 6% interest on this amount.

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 12 - Pension Plan

Plan Description. The State of Mississippi Institutions of Higher Learning participates in the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9 % of their annual salary and the institution is required to contribute at an actuarially determined rate. The actuarially determined rate was 15.75% on June 30, 2014 and 14.26% at June 30, 2013. The contribution requirement of PERS members is established and may be amended only by the State of Mississippi Legislature. The institutional contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were \$2,147,896, \$1,897,364, and \$1,638,270, respectively, and equal to the required contributions for each year.

PERS also administers an Optional Retirement Plan (ORP) whereby new faculty members may select from three investment companies. ORP contribution rates are identical to the PERS rates. University contributions for the years ending June 30, 2014, 2013, and 2012, were \$748,491, \$626,539, and \$547,814, respectively.

Vesting Period. In 2007, the Mississippi Legislature amended the PERS Plan to change the vesting period from four to eight years for members who entered the System after July 1, 2007. A member who entered the System prior to July 1, 2007 is still subject to the four year vesting period provided that the member does not subsequently refund their account balance.

Note 13 – Foundations and Affiliated Parties

The various institutions comprising the State of Mississippi Institutions of Higher Learning are each affiliated with one or more foundations, which are independent corporations formed for the purpose of receiving funds for the sole benefit of the respective institutions. These foundations and affiliated parties are separately audited and have not been included in these financial statements.

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 14 – Federal Direct Lending and FFEL Programs

The University distributed \$14,570,852 and \$15,820,181 for the years ended June 30, 2014 and 2013, respectively, for student loans through the U.S. Department of Education lending programs. These distributions and their related funding sources are included as “Non-Capital Financing” distributions and receipts in the Cash Flow Statement.

Note 15 - Construction Commitments and Contingent Liabilities

The University has contracted for various construction projects as of June 30, 2014. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

	Total Costs to Complete	Funded by			
		Federal Sources	State Sources	Institutional Sources	Other Sources
Fant Library Phase II	\$ 4,960,904	-	\$ 4,960,904	-	-
Callaway & Grossnickle Fire Suppression	161,478	-	161,478	-	-
Stovall Renovation and Reroof	12,427	-	12,427	-	-
Total	\$ 5,134,809	-	\$ 5,134,809	-	-

The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Note 16 - Natural Classifications with Functional Classifications

The University’s operating expenses by functional classification were as follows for the years ended June 30, 2014 and 2013:

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 16 - Natural Classifications with Functional Classifications (continued)

FY 2014									
Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 9,646,466	\$ 2,851,673	\$ 157,835	\$ 721,615	\$ -	\$ -	\$ 258,204	\$ -	\$ 13,635,793
Research	205,255	57,301	10,567	177,975	-	-	106,774	-	557,872
Public Service	188,632	40,109	2,273	119,997	-	-	42,080	-	393,091
Academic Support	4,333,219	1,394,025	105,208	955,487	296,894	-	734,629	-	7,819,462
Student Services	1,342,662	407,933	97,707	307,105	-	-	270,524	-	2,425,931
Institutional Support	2,791,123	844,979	77,665	927,002	8,763	-	120,457	-	4,769,989
Operation of Plant	424,249	159,154	199	2,480,132	1,521,458	-	73,509	-	4,658,701
Student Aid	-	-	-	-	-	5,553,512	-	-	5,553,512
Auxiliary Enterprises	579,380	122,227	17,457	1,973,444	594,545	-	187,405	-	3,474,458
Depreciation	-	-	-	-	-	-	-	2,399,262	2,399,262
Total Operating Expenses	\$ 19,510,986	\$ 5,877,401	\$ 468,911	\$ 7,662,758	\$ 2,421,660	\$ 5,553,512	\$ 1,793,582	\$ 2,399,262	\$ 45,688,072

FY 2013									
Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 9,150,018	\$ 2,612,102	\$ 125,535	\$ 484,143	\$ -	\$ -	\$ 210,438	\$ -	\$ 12,582,236
Research	510,479	121,694	83,733	279,200	-	-	125,024	-	1,120,130
Public Service	210,043	42,083	4,698	117,553	-	-	63,004	-	437,381
Academic Support	4,190,368	1,282,394	62,586	964,469	251,959	-	904,445	-	7,656,221
Student Services	1,261,212	371,755	95,654	374,917	-	-	294,681	-	2,398,219
Institutional Support	2,640,865	764,044	63,475	1,003,829	8,457	-	113,390	-	4,594,060
Operation of Plant	407,601	148,316	4,292	2,480,111	1,415,113	-	72,133	-	4,527,566
Student Aid	-	-	-	-	-	5,443,861	-	-	5,443,861
Auxiliary Enterprises	433,847	110,186	22,078	1,830,276	555,387	-	118,850	-	3,070,624
Depreciation	-	-	-	-	-	-	-	2,299,627	2,299,627
Total Operating Expenses	\$ 18,804,433	\$ 5,452,574	\$ 462,051	\$ 7,534,498	\$ 2,230,916	\$ 5,443,861	\$ 1,901,965	\$ 2,299,627	\$ 44,129,925

Note 17 – Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$33,862 and \$77,392 as of June 30, 2014 and 2013, respectively. These amounts are included in the accompanying statement of net position in “net position – expendable for other purposes”, and “net position – expendable for scholarships and fellowships.”

Most endowments operate on the total-return concept as permitted by the Uniform Management of Institutional Funds Act (Sections 79-11-601 through 79-11-617, MS Code, Ann. 1972) as enacted in 1998.

Note 18 – Contingencies

In the normal course of its activities, the University has been a party in various legal actions. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel’s evaluation of pending actions, the

Mississippi University for Women
Notes to Financial Statements
June 30, 2014

Note 18 – Contingencies (continued)

University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

Note 19 – Subsequent Events

There have been no events subsequent to June 30, 2014 which would materially affect the financial statements as presented.