



2012-2013
Financial Report

Mississippi University
for Women

A Tradition of Excellence for Women and Men

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Fiscal Year Ended June 30, 2013

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**Mississippi University for Women
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

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, 2013 and 2012. 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 3,300 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 450 employees.

Financial Highlights (Comparison of Fiscal Years 2013 and 2012)

- For fiscal year (FY) 2013, the State of Mississippi appropriated \$53 million less to the IHL for educational and general operations (E & G) at the eight universities than it appropriated in FY 2008, a reduction of 13.5%. The FY 2013 E & G appropriations for the IHL system were \$2.9 million or 0.9% greater than in FY

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2012. MUW received \$2.04 million or 12.8% less in FY 2013 than was appropriated in FY 2008. MUW's FY 2013 E & G appropriation was \$126 thousand, or 0.9% less than in FY 2012.

- In April 2012, IHL approved a \$440, or 9% increase in annual tuition for FY 2013, and a \$324, or 6% increase in annual tuition for FY 2014.
- Newly renovated Poindexter Hall came back online in fall 2012. The Music Department returned to a \$9.6 million improved facility after six years of relocation.
- During FY 2013, the University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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 Positions 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 Positions 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, 2013 and 2012 is as follows:

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

	June 30	
	2013	2012
Assets:		
Current assets	\$11,069	\$9,388
Capital assets, net	92,529	85,530
Other assets	<u>13,655</u>	<u>13,845</u>
Total Assets	<u>117,253</u>	<u>108,763</u>
Liabilities:		
Current liabilities	4,043	3,786
Noncurrent liabilities	<u>2,334</u>	<u>2,376</u>
Total Liabilities	<u>6,377</u>	<u>6,162</u>
Net Position:		
Invested in capital assets, net of related debt	92,529	85,525
Restricted – expendable	2,882	2,847
Restricted – nonexpendable	2,915	2,939
Unrestricted	<u>12,551</u>	<u>11,290</u>
Total Net Position	<u>\$110,877</u>	<u>\$102,601</u>

A review of the Statement of Net Position at June 30, 2013 and 2012 shows that the University is financially stable. Total net assets increased by \$8.3 million, primarily due to the increase in capital assets. Current assets consist of cash and cash equivalents, short term investments, accounts receivable, student notes receivable, and prepaid expenses. Total current assets increased by \$1.68 million. The composition of current assets remained relatively stable from 2012 to 2013. Net accounts receivable decreased as a percentage of current assets from 30% to 27%. Current cash and cash equivalents increased by \$1.5 million and increased as a percentage of current assets from 65% to 69%.

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 \$6.8 million, with the increase being additions to net capital assets.

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. Total current liabilities increased by \$257 thousand. Accounts payable and other accrued

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liabilities increased by \$384 thousand, and deferred revenue for summer school decreased by \$127 thousand during FY 2013.

Non-current liabilities are primarily made up of accrued leave liabilities, and the federal portion of Perkins loans. Total non-current liabilities decreased by \$43 thousand, with the accrued leave liability increasing by \$68 thousand, and the federal portion of Perkins loans decreasing by \$111 thousand.

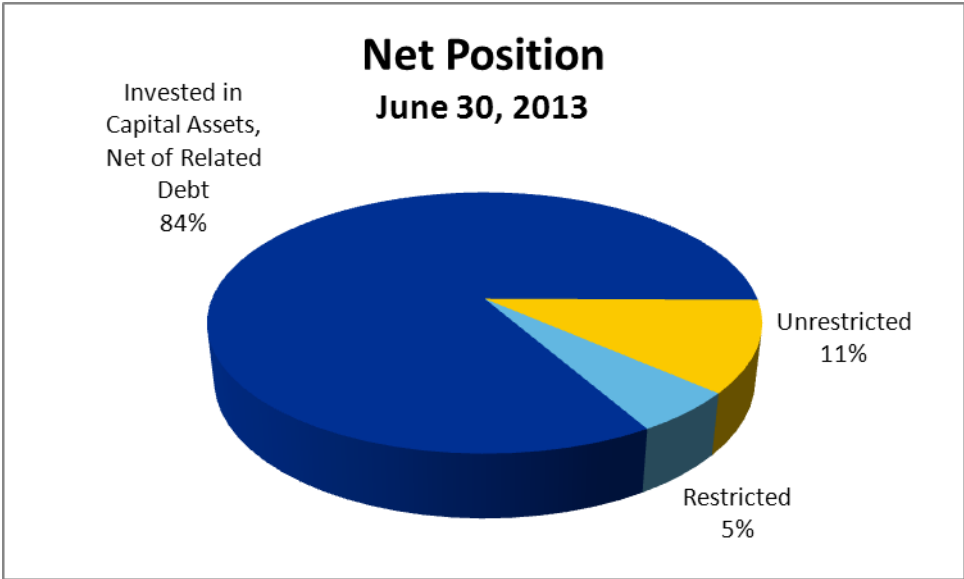
Net assets represent the residual interest in the University's assets after liabilities are deducted. MUW's total net position increased by \$8.276 million or 8.1% between fiscal years 2013 and 2012. This increase is due to a \$7.004 million increase in net capital assets, a \$35 thousand increase in restricted expendable net position, and a \$24 thousand decrease in restricted nonexpendable net assets, and a \$1.261 million increase in unrestricted net position.

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 \$7 million in FY 2013

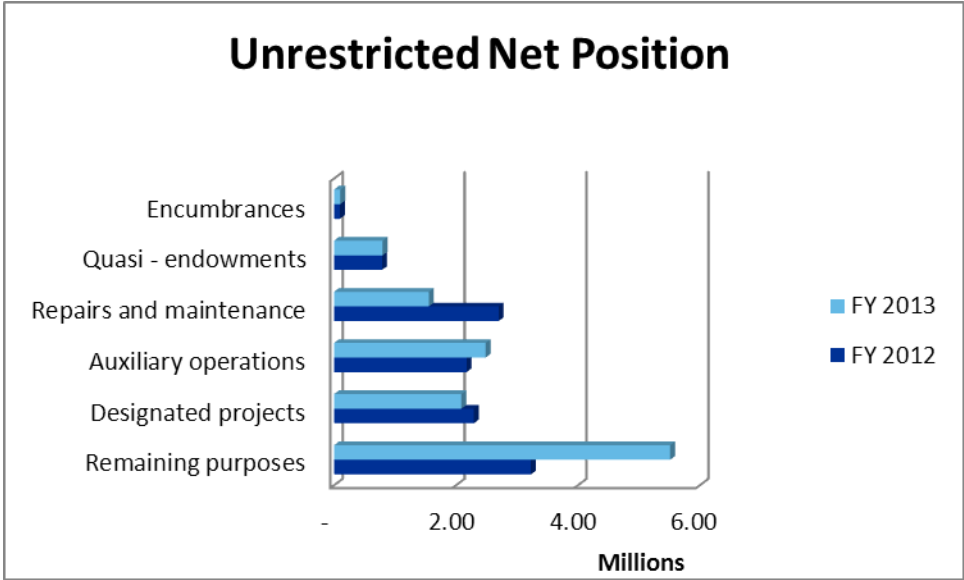
The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes and must remain intact in perpetuity. This category includes \$1.24 million nonexpendable net assets restricted for scholarships and fellowships, and \$1.68 million 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, student loans and other purposes. Expendable restricted net assets increased by \$35 thousand from \$2.847 in FY 2012 to \$2.882 million in FY 2013.

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.

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Overall, unrestricted net assets increased by \$1.26 million during FY 2013. Unrestricted net assets reserved for repairs and maintenance decreased by \$1.15 million in FY 2013, reflecting the expenditure during the year of funds that had been set aside for energy conservation measures and mechanical upgrades. The following chart shows the composition of unrestricted net position at June 30, 2013 and 2012.



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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 renovation of Poindexter Hall, energy projects, upgrades to mechanical systems, roofing projects, and 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,	
	2013	2012
Operating revenues:		
Net tuition and fees	\$11,155	\$9,826
Grants and contracts	9,204	9,477
Auxiliary, net	2,887	2,350
Other	<u>1,337</u>	<u>1,725</u>
Total operating revenues	<u>24,583</u>	<u>23,378</u>
Operating expenses	<u>44,130</u>	<u>43,706</u>
Net operating expenses	<u>(19,547)</u>	<u>(20,328)</u>
Nonoperating revenues (expenses):		
State appropriations	13,892	14,017
Grants and gifts	5,848	6,987
Investment income	(12)	266
Other nonoperating revenues	(3)	51
Other nonoperating expenses	<u>(830)</u>	<u>(488)</u>
Net nonoperating revenues	<u>18,895</u>	<u>20,833</u>
Other revenues, expenses, gains and losses		
Capital grants and gifts	72	50
State appropriations restricted for capital assets	8,956	5,992
Additions to permanent endowments	(15)	72

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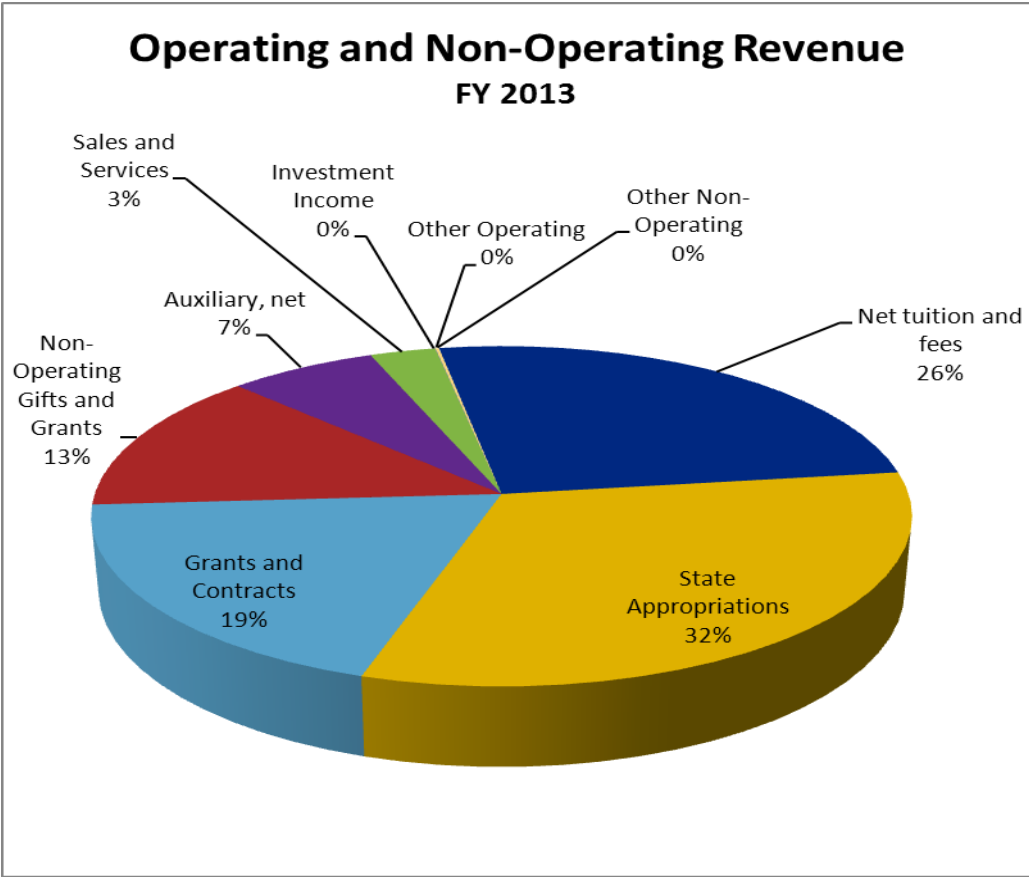
Other deletions	<u>(156)</u>	<u>(218)</u>
Total other revenues, expenses, gains and losses	<u>8,857</u>	<u>5,896</u>
Increase (decrease) in net position	8,205	6,401
Net position		
Net position – beginning of year, as originally reported	102,601	96,200
Prior period adjustments	<u>70</u>	<u>0</u>
Net position – beginning of year, restated	102,671	96,200
Net position – end of year	<u>\$110,877</u>	<u>\$102,601</u>

The Statement of Revenues, Expenses, and Changes in Net Position reflect an increase in net assets of over \$8.20 million at the end of FY 2013. Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position follow.

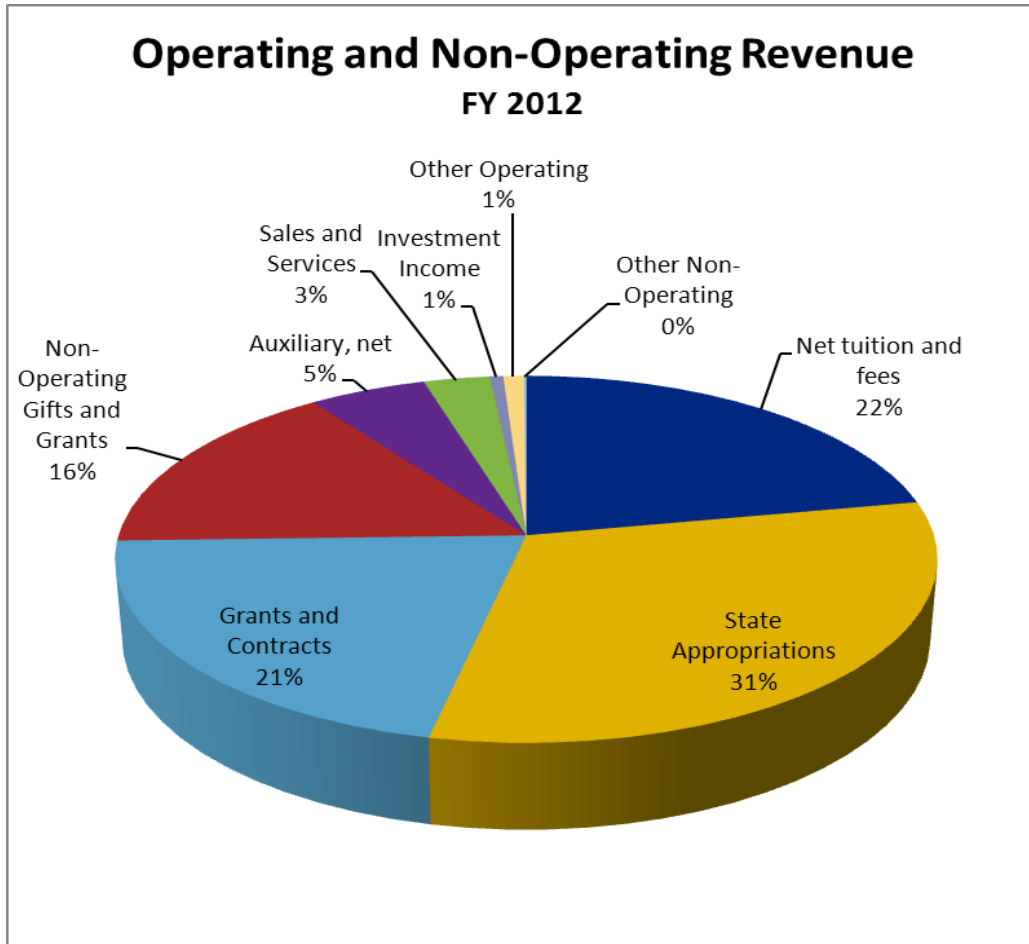
Net tuition and fees increased by \$1.33 million in FY 2013. This is the result of an increase in gross tuition and fees of \$1.63 million, an increase in scholarship allowances of \$284 thousand, and an increase of \$17 thousand in bad debt expense. Scholarships applied to student accounts are shown 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 \$1.33 million from FY 2012, grants and contracts and non-operating gifts and grants decreased by \$2.30 million. Reductions in federal grants and contracts from the U.S. Department of Education and National Institute of Health accounted for most of the reduction in grants and contracts.

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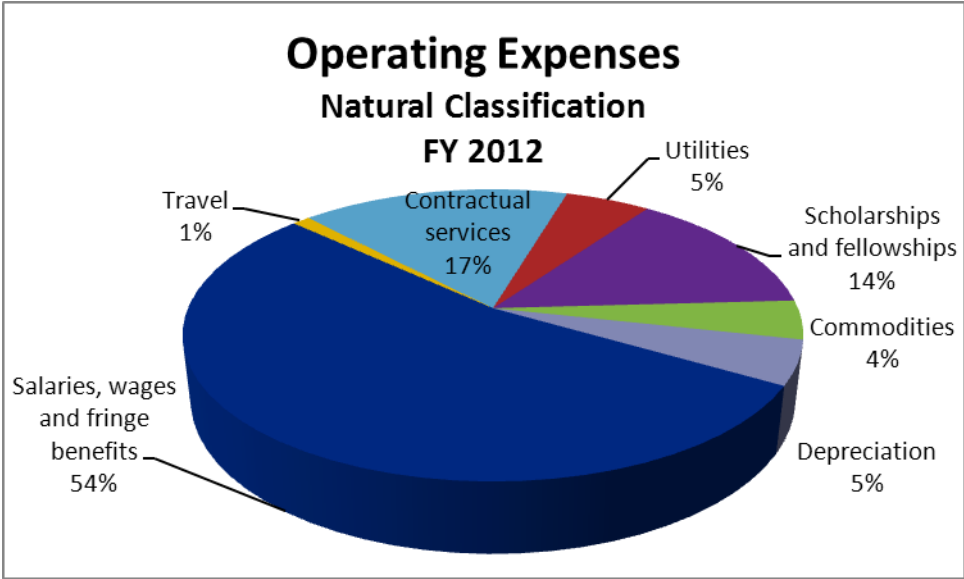
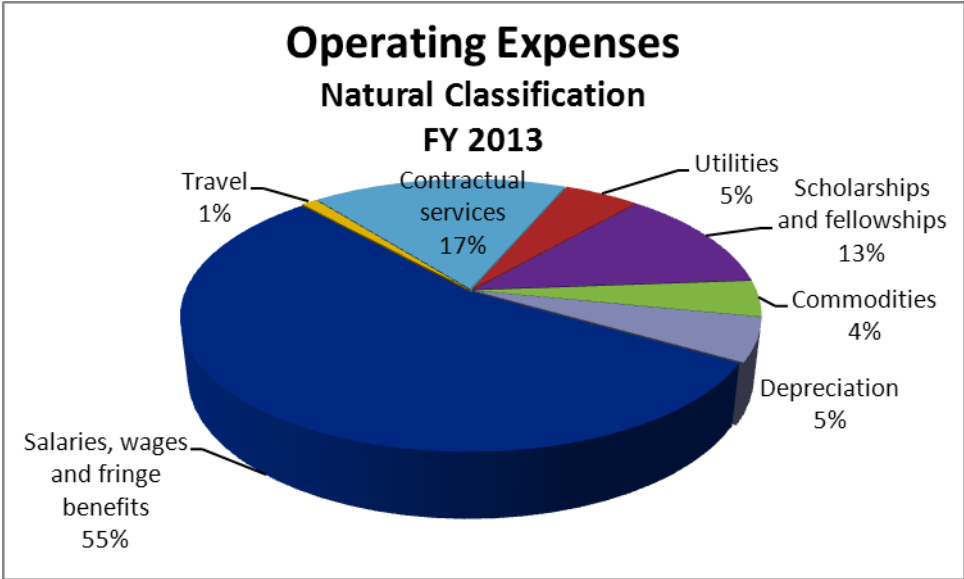


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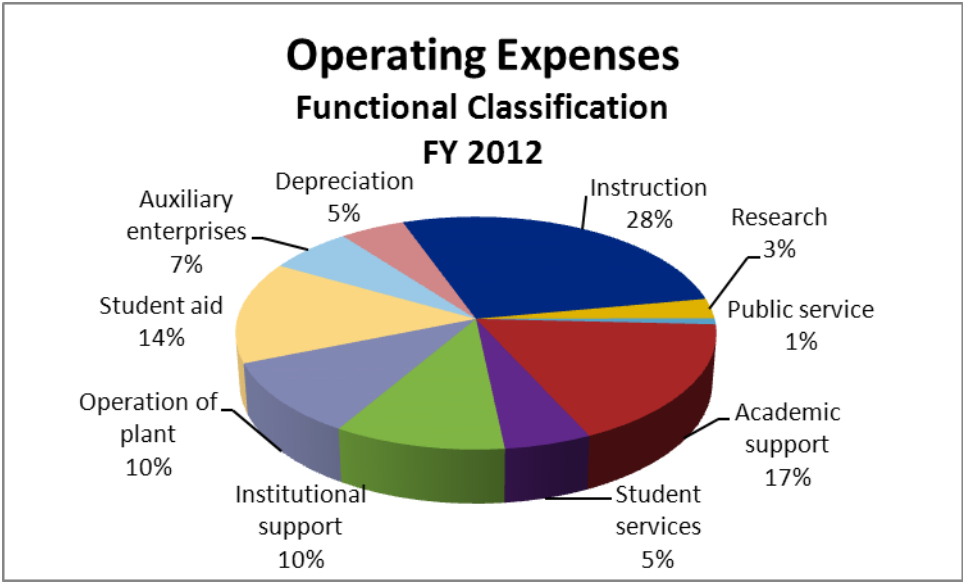
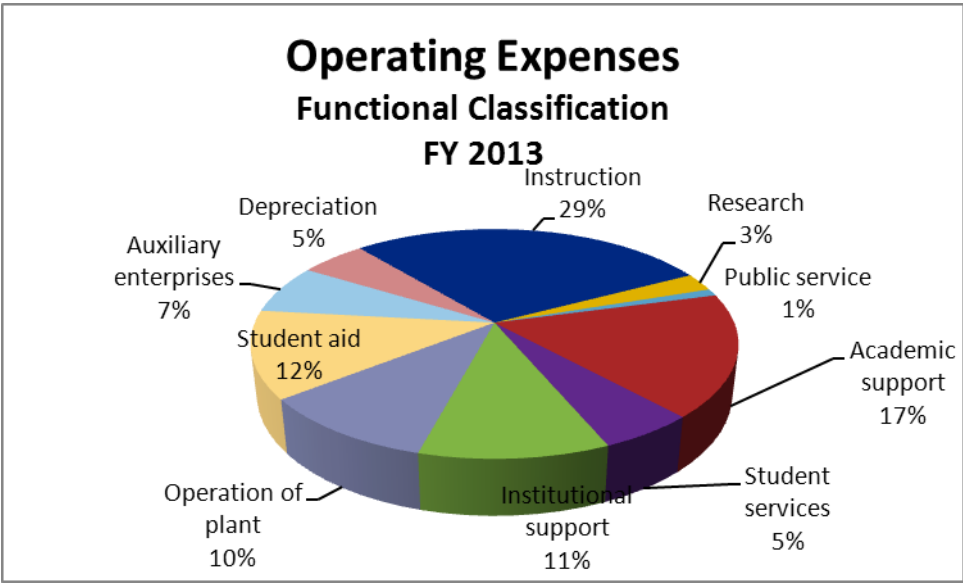
Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. These expenses are displayed by the type of goods or services purchased, and then by functional area of campus activity. Operating expenses increased by \$424 thousand during FY 2013. This increase is the effect of increases in salaries, wages and fringe benefits of \$871 thousand, an increase of \$235 thousand in contractual services, and a \$158 thousand increase in depreciation, netted against a \$768 thousand decrease in scholarships and fellowships, and other changes.

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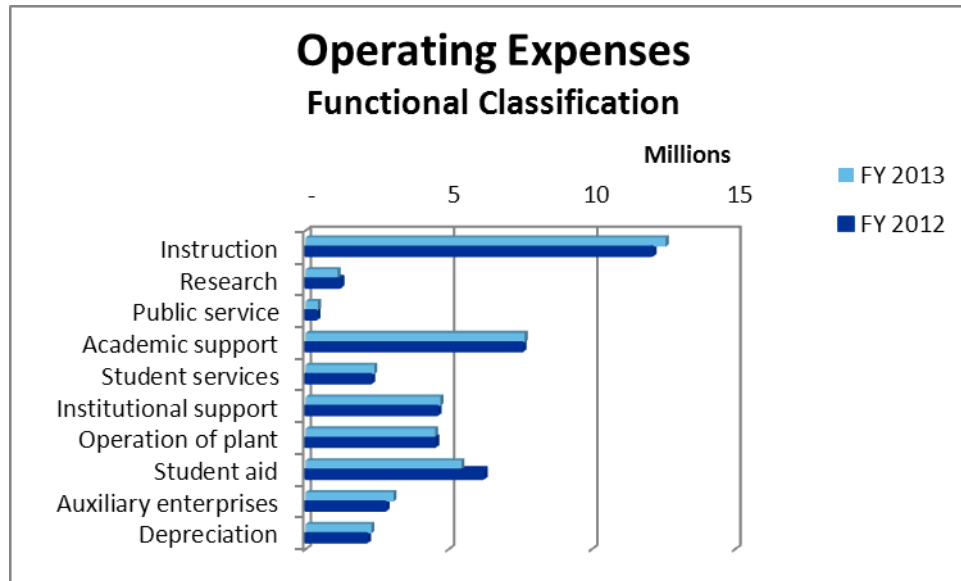


Functional classifications are the traditional categories that universities have used. They represent the type of programs and services that the University provides. This classification is presented with additional detail in Note 16 of the *Notes to Financial Statements*. The \$424 thousand increase in operating expenses in FY 2013 was primarily in the functional area of instruction. The decrease in student aid was offset by increases in auxiliary enterprises, depreciation, student services and institutional support.

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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 decreased approximately \$1.62 million from FY 2012. This was due to increased cash provided from tuition and auxiliary enterprises and decreases in cash used for scholarships and fellowships, offset by increased cash used to pay suppliers, vendors and employees.

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 decreased by \$1.64 million from FY 2012.

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The third section deals with cash flows from capital and related financing activities. The University used approximately \$97 thousand less for capital assets and capital debt retirement in FY 2013 than in FY 2012.

The fourth section reflects purchases, proceeds and interest received from both short and long-term investing activities. In FY 2013 the University had \$137 thousand in net cash provided by investing activities, compared to over \$327 thousand cash provided by investing activities in FY 2012. 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,	
Cash Flows for the Fiscal Year Ended	2013	2012
Cash provided (used by):		
Operating activities	(\$17,173)	(\$18,795)
Noncapital financing activities	18,898	20,539
Capital financing activities	(345)	(442)
Investing activities	<u>137</u>	<u>328</u>
Net Change in Cash	1,517	1,630
Cash and Cash Equivalents - beginning of year	<u>6,130</u>	<u>4,500</u>
Cash and Cash Equivalents - end of year	<u>\$7,647</u>	<u>\$6,130</u>

Capital Asset Administration

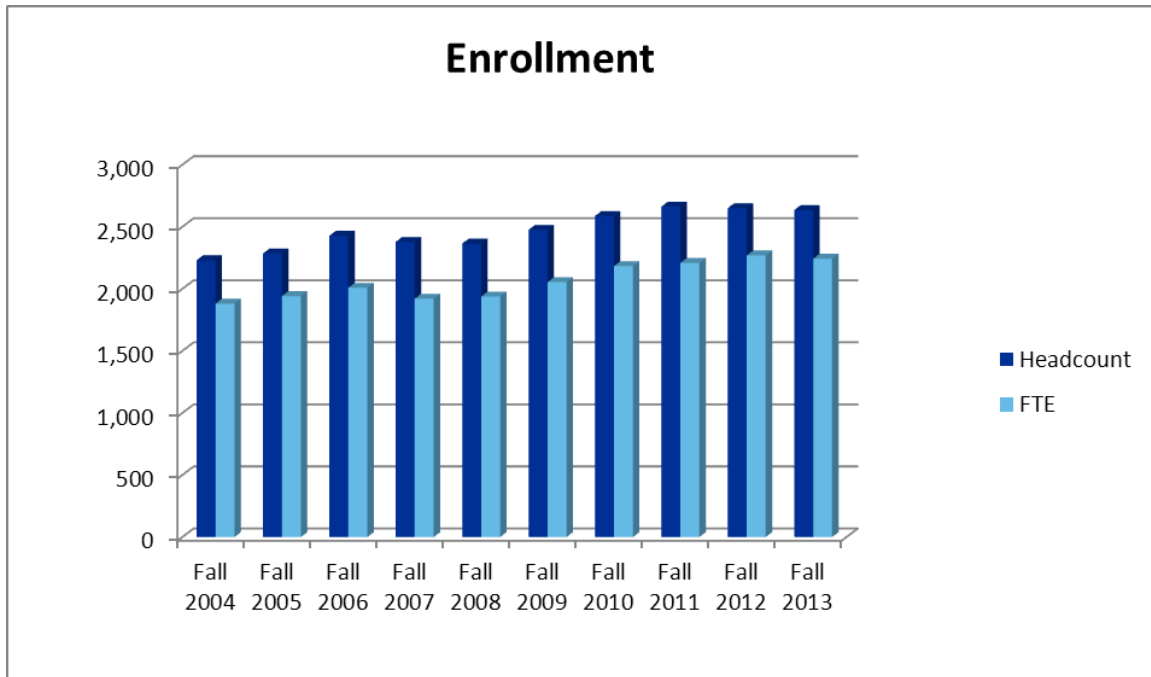
The University currently has \$2.5 million in construction projects funded through general obligation bonds issued by the State of Mississippi. These projects are administered by the Bureau of Building, Grounds and Real Property office of the Mississippi Department of Finance and Administration.

	Total Costs to Complete
Fant Library Renovation	\$ 2,364,192
Campus Roofing Program - Phase 1	<u>128,955</u>
Total	<u>\$ 2,493,147</u>

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Enrollment

The University has experienced a net 18% increase in headcount enrollment and a net 19% increase in full-time equivalency enrollment from fall 2004 to fall 2013. The annual total headcount was 3,318 in FY 2013, an increase of 14% over FY 2008.

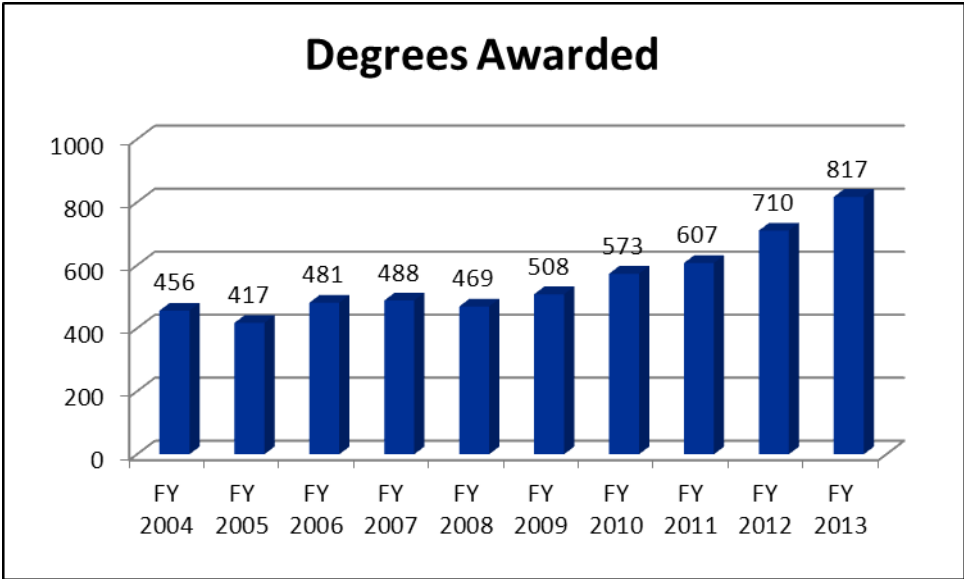


The University expects and plans to continue a pattern of steady enrollment. Online completion degree programs and close partnerships with community and junior colleges have been developed to offset the declining demographic of 18 year olds entering college.

Degrees Awarded

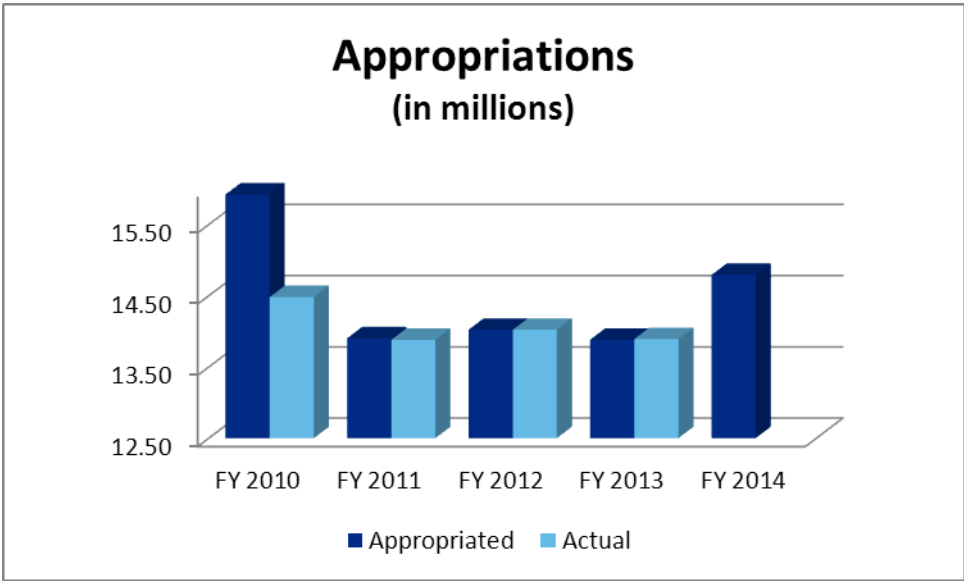
A total of 817 degrees were awarded during the FY 2013. This represents a 15% increase over the prior year, and a 79% increase over FY 2004. The following chart reflects the total degrees awarded each year since FY 2004. In FY 2013, the College of Nursing and Speech Language Pathology conferred more degrees than the University as a whole conferred in FY 2005.

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Outlook

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 2013 were 13% less than the amount appropriated in FY 2010. 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. Appropriations for FY 2013 were \$127 thousand less than FY 2012.



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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. The legislature appropriated an additional \$13.44 million to the system for FY 2014, and MUW's allocation was \$1.46 million over the FY 2013 allocation. 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.

The University's governing board raised tuition by 5% each year from FY 2010 – FY 2012, by 9% for FY 2013, and 6% for FY 2014 in response to rising costs and the loss of state support. To further mitigate this loss, the University has strengthened its focus on efficiencies, enrollment and credit hour production.

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

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

		June 30,	
		2013	2012
Assets			
Current assets:			
Cash and cash equivalents	\$	7,619,731	\$ 6,131,162
Accounts receivable, net		3,026,321	2,797,520
Student notes receivables, net		111,939	118,304
Prepaid expenses		310,947	341,309
Total current assets		11,068,938	9,388,295
Non-current assets:			
Restricted cash and cash equivalents		27,217	(1,528)
Endowment investments		3,726,983	3,752,487
Other long-term investments		8,613,551	8,733,265
Student notes receivable, net		1,287,293	1,360,500
Capital assets, net		92,529,331	85,529,875
Total non-current assets		106,184,375	99,374,599
Total assets	\$	117,253,313	\$ 108,762,894
Deferred outflows of resources	\$	-	\$ -
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$	2,408,527	\$ 2,057,482
Unearned revenues		1,195,647	1,322,697
Accrued leave liabilities - current portion		44,507	41,662
Long-term Liabilities - current portion		-	4,338
Other current liabilities		394,448	359,732
Total current liabilities		4,043,129	3,785,911
Non-current liabilities:			
Accrued leave liabilities		1,068,180	999,899
Other non-current liabilities		1,265,364	1,376,106
Total non-current liabilities		2,333,544	2,376,005
Total liabilities	\$	6,376,673	\$ 6,161,916
Deferred inflows of resources	\$	-	\$ -
Net position:			
Net invested in capital assets	\$	92,529,331	\$ 85,525,536
Restricted for:			
Nonexpendable -			
Scholarships and fellowships		1,239,002	1,251,819
Other purposes		1,675,842	1,686,937
Expendable -			
Scholarships and fellowships		587,175	645,771
Capital projects		2,044,508	1,931,731
Loans		249,868	269,411
Unrestricted		12,550,914	11,289,773
Total net position	\$	110,876,640	\$ 102,600,978

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,	
	2013	2012
Operating revenues:		
Tuition and fees	\$ 16,912,217	\$ 15,281,994
Less: Scholarship allowances	(5,640,976)	(5,356,781)
Less: Bad debt expenses	(116,130)	(99,323)
Net tuition and fees	\$ 11,155,111	\$ 9,825,890
Federal grants and contracts	662,421	1,083,717
State grants and contracts	6,375,644	6,078,906
Nongovernmental grants and contracts	2,166,034	2,314,508
Sales and services of educational departments	1,273,700	1,320,688
Auxiliary enterprises:		
Student housing	2,163,681	1,866,427
Food services	1,728,513	1,282,500
Bookstore	112,742	105,265
Other auxiliary revenues	182,170	201,791
Less: Auxiliary enterprise scholarship allowances	(1,300,244)	(1,106,025)
Other operating revenues, net	63,530	404,558
Total operating revenues	\$ 24,583,302	\$ 23,378,225
Operating expenses:		
Salaries and wages	\$ 18,804,433	\$ 18,331,409
Fringe benefits	5,452,574	5,054,879
Travel	462,051	476,194
Contractual services	7,534,498	7,299,794
Utilities	2,230,916	2,307,217
Scholarships and fellowships	5,443,861	6,211,694
Commodities	1,901,965	1,883,287
Depreciation/amortization expense	2,299,627	2,141,908
Other operating expense	-	-
Total operating expenses	\$ 44,129,925	\$ 43,706,382
Operating income (loss)	\$ (19,546,623)	\$ (20,328,157)
Nonoperating revenues (expenses):		
State appropriations	\$ 13,891,513	\$ 14,017,206
Gifts and grants	5,848,250	6,986,666
Investment income (loss)	(11,653)	265,952
Interest expense on capital asset--related debt	(39)	(2,644)
Other nonoperating revenues	(2,927)	51,385
Other nonoperating expenses	(830,003)	(485,491)
Total net nonoperating revenues (expenses)	\$ 18,895,141	\$ 20,833,074
Income (loss) before other revenues, expenses, gains and losses	\$ (651,482)	\$ 504,917
Capital grants and gifts	\$ 72,201	\$ 50,065
State appropriations restricted for capital purposes	8,955,825	5,992,294
Additions to permanent endowments	(15,379)	71,631
Other deletions	(155,773)	(217,823)
Net increase in net assets	\$ 8,205,393	\$ 6,401,084
Net position		
Net position - beginning of year, as originally reported	\$ 102,600,978	\$ 96,199,894
Prior period adjustments	70,269	-
Net position - beginning of year, as restated	\$ 102,671,247	\$ 96,199,894
Net position - end of year	\$ 110,876,640	\$ 102,600,978

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

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

	June 30	
	2013	2012
Cash flows from operating activities:		
Tuition and fees	\$ 11,017,255	\$ 9,799,983
Grants and contracts	9,264,701	9,482,241
Sales and services of educational departments	1,277,204	1,318,436
Payments to suppliers	(9,844,654)	(10,217,383)
Payments to employees for salaries and benefits	(24,263,445)	(23,405,805)
Payments for utilities	(2,100,238)	(2,348,665)
Payments for scholarships and fellowships	(5,443,861)	(6,211,694)
Auxiliary enterprise charges:		
Student housing	1,325,782	1,234,812
Food services	1,236,017	828,100
Bookstore	112,742	124,414
Other auxiliary enterprises	182,170	196,103
Other receipts	63,531	404,558
Net cash provided (used) by operating activities	\$ (17,172,796)	\$ (18,794,900)
Cash flows from noncapital financing activities:		
State appropriations	\$ 13,891,513	\$ 14,017,206
Gifts and grants for other than capital purposes;	5,875,304	6,932,912
Private gifts for endowment purposes	(18,669)	27,972
Federal loan program receipts	15,820,181	15,685,510
Federal loan program disbursements	(15,820,181)	(15,685,510)
Other sources	234,828	251,656
Other uses	(1,085,091)	(690,816)
Net cash provided by noncapital financing activities	\$ 18,897,885	\$ 20,538,930
Cash flows from capital financing activities:		
Cash paid for capital assets	\$ (351,743)	\$ (391,805)
Capital appropriations received	11,489	-
Proceeds from sales of capital assets	-	49,645
Principal paid on capital debt and leases	(4,338)	(96,916)
Interest paid on capital debt and leases	(39)	(2,644)
Net cash used by capital and related financing activities	\$ (344,631)	\$ (441,720)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	\$ 11,304,706	\$ 15,335,132
Interest received on investments	(304,239)	309,612
Purchases of investments	(10,863,611)	(15,317,047)
Net cash provided by investing activities	\$ 136,856	\$ 327,697
Net increase (decrease) in cash and cash equivalents	\$ 1,517,314	\$ 1,630,007
Cash and cash equivalents - beginning of the year	6,129,634	4,499,627
Cash and cash equivalents - end of the year	\$ 7,646,948	\$ 6,129,634

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

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES

	June 30	
	2013	2012
Operating income (loss)	\$ (19,546,623)	\$ (20,328,158)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization expense	2,299,627	2,141,908
Other	145,164	123,377
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables, net	(251,436)	(425,492)
Inventories	-	19,149
Prepaid expenses	23,714	(140,881)
Increase (decrease) in liabilities:		
Accounts payables and accrued liabilities	211,872	(343,794)
Deferred revenues	(126,240)	2,645
Accrued leave liability	71,126	156,346
Total adjustments:	\$ 2,373,827	\$ 1,533,258
Net cash provided (used) by operating activities:	\$ (17,172,796)	\$ (18,794,900)

NON-CASH TRANSACTIONS:

1.) State appropriations restricted for capital purposes	8,955,825	5,992,294
2.) Unrealized gain/(loss) on fair value of investments	(105,781)	42,092
3.) Donation of capital assets	72,201	50,065
4.) Bureau of Buildings and Grounds construction-in-progress	8,955,825	(5,992,294)
5.) Provision for bad debts	116,130	99,323
6.) Provision for bad debts, Perkins loans	31,058	67,071

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

Nature of Operations – Mississippi University for Women (MUW) is a Carnegie Masters public university that serves the state, national and international communities by providing its students with academic instruction, by conducting research and other activities that advance fundamental knowledge to the people of Mississippi and throughout the world.

Building on its long tradition of excellence in liberal arts and professional education, as well as its historic focus on academic and leadership development for women, MUW continues to be a university that prepares both women and men for successful lives by providing a high-quality education in a personalized learning environment.

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.

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), including Statement No. 34, *Basic*

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November, 1999. The University now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive presentation of the University's financial activities.

Change in Accounting Standards

Effective with the fiscal year ended June 30, 2013, the University adopted GASB statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the university applicable to a future reporting period. The standards also incorporate deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and rename that measure as net position, rather than net assets. In accordance with the standards, the University has modified the presentation of the Statement of Net Position.

An analysis of the University's operations did not yield any transactions that qualify to be classified as deferred inflows or deferred outflows as prescribed by GASB Statement No. 65.

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.

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.

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*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets. Investments for which there are no quoted marked prices are not material.

Endowment Investments - The majority of endowment investments is pooled and operates on the total-return concept (interest, dividends, and appreciation). In the

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

absence of instructions to the contrary in a particular endowment agreement, principal shall be defined to include both the original gift and any subsequent donation, in accordance with the Uniform Management of Institutional Funds Act (UMIFA) of 1998, with the exception that any other accumulation or appreciation will be expendable. Distributions on these endowments are based on an adopted spending policy, as permitted in accordance with UMIFA.

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 that are expected to be paid during the next fiscal year are presented as current assets on the Statement of Net Assets. 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 Assets.

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. 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.

Deferred Revenues - Deferred 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, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

Net Position – The University's net position is classified according to external donor restrictions or availability of assets for satisfaction of University obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in Federal loan programs.

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.

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

The unrestricted net asset balance of \$12,550,914 at June 30, 2012 includes \$102,306 reserved for outstanding purchase orders, \$797,430 in funds functioning as endowments, \$2,489,542 for auxiliary operations, \$2,090,055 for designated projects, \$1,556,282 reserved for repairs and maintenance, and \$5,515,299 remaining for other purposes.

Net Investment in Capital Assets – This 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 amounts are not included as a component of investment.

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

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 the bookstore. 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

**Mississippi University for Women
Notes to Financial Statements
June 30, 2013**

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

Note 2 - Prior Period Adjustments

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

Explanation(s)	Additions (Deductions)
Fixed assets adjustments.	\$ (10,417)
Unrecorded receivable	80,686
Total adjustments	\$ <u>70,269</u>

Net position at July 1, 2011 was not adjusted during FY 2012.

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

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 are now 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.

Investments: Investment policies are governed by state statute (Section 27-105-33 MS Code Ann. 1972) and the Uniform Management of Institutional Funds Act of 1998. An institution may at its discretion adopt policies affecting investments beyond the standards cited above.

The following table presents the fair value of investments by type at June 30, 2013 and 2012:

Investment Type	FMV 6/30/2013	FMV 06/30/12
U.S. Government Agency Obligations	\$ 9,654,500	\$ 9,510,496
Municipal Bonds	2,526,913	2,816,136
Money Market Funds	-	-
Certificate of Deposit	-	-
Land Grant	156,600	156,600
	<u>\$ 12,338,013</u>	<u>\$ 12,483,232</u>

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 3 - Cash and Investments (continued)

Interest Rate Risk

Interest Rate Risk per GASB Statement No. 40, 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, 2013 and 2012, the institution had the following investments subject to Interest Rate Risk:

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>				

FY 2012

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 9,510,496	\$ 249,499	\$ 693,440	\$ 1,201,883	\$ 7,365,674
Municipal Bonds	2,816,136	863,581	385,892	1,566,663	-
	<u>\$ 12,326,632</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, 2013 and 2012, the institution had the following investment credit risk:

	FMV 6/30/2013	FMV 6/30/2012
AAA	\$ -	\$ -
AA+	8,406,148	8,647,447
AA	2,526,913	2,315,601
A	-	500,535
Not Rated	1,248,352	863,049
Total	<u>\$ 12,181,413</u>	<u>\$ 12,326,632</u>

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

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 3 - Cash and Investments (continued)

Concentration of Credit Risk

Per GASB Statement No. 40, 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 State of Mississippi Institutions of Higher Learning System does not presently have a formal policy that addresses Concentration of Credit Risk.

At June 30, 2013 and 2012, respectively, the following University deposit and investment balances held in the name of the University were exposed to custodial credit risk:

	June 30, 2013	% of Total Investments	June 30, 2012
Federal Home Loan Bank	\$ 3,027,355	25%	\$ 1,749,913
Federal Home Loan Mortgage Corporation	346,004	3%	500,776
Federal Farm Credit Bank	345,661	3%	445,623
First National Data Bank	4,687,128	38%	5,951,135
TAX	2,526,913	21%	2,816,136
FHR	214,357	2%	-
GNC	636,586	5%	-
GNCV	397,409	3%	863,049
Total	<u>\$ 12,181,413</u>	100%	<u>\$ 12,326,632</u>

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30:

	June 30, 2013	Purging Memo Reclassification	June 30, 2013	June 30, 2012
Student tuition	\$ 3,264,756	\$ (300,601)	\$ 2,964,155	\$ 2,892,603
Auxiliary enterprises and other operating activities	8,884		8,884	12,727
Capital grants and contracts	-		-	-
Federal, state, and private grants and contracts	771,594		771,594	775,126
State appropriations	572,393		572,393	550,405
Accrued interest	35,767		35,767	56,387
Other	35,891		35,891	28,075
Total accounts receivable	<u>4,689,285</u>	<u>(300,601)</u>	<u>4,388,684</u>	<u>4,315,323</u>
Less allowance for doubtful accounts	1,662,965	(300,601)	1,362,364	1,517,803
Net accounts receivable	<u>\$ 3,026,320</u>	<u>\$ -</u>	<u>\$ 3,026,320</u>	<u>\$ 2,797,520</u>

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 4 - Accounts Receivable (continued)

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 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, 2013 and 2012, respectively.

	Interest Rates	June 30, 2013	Current Portion	Non-Current Portion	June 30, 2012
Perkins student loans	3% to 9%	\$ 1,731,533	\$ 111,939	\$ 1,619,594	\$ 1,780,047
Institutional loans	0% to 9%	1,365	-	1,365	1,365
Total notes receivable		<u>1,732,898</u>	<u>111,939</u>	<u>1,620,959</u>	<u>1,781,412</u>
Less allowance for doubtful accounts		333,666	-	333,666	302,608
Net notes receivable		<u>\$ 1,399,232</u>	<u>\$ 111,939</u>	<u>\$ 1,287,293</u>	<u>\$ 1,478,804</u>

Note 6 - Capital Assets

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

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Prior Period Adjustment</u>	<u>June 30, 2013</u>
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	<u>11,661,411</u>	<u>8,969,170</u>	<u>13,217,713</u>	<u>-</u>	<u>7,412,868</u>
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	<u>108,192,360</u>	<u>13,641,656</u>	<u>83,613</u>	<u>-</u>	<u>121,750,403</u>
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	<u>34,323,896</u>	<u>2,371,787</u>	<u>72,160</u>	<u>10,417</u>	<u>36,633,940</u>
Capital Assets, Net	<u>\$ 85,529,875</u>	<u>\$ 20,239,039</u>	<u>\$ 13,229,166</u>	<u>\$ (10,417)</u>	<u>\$ 92,529,331</u>

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 6 - Capital Assets (continued)

Capital assets as of June 30, 2012, and capital asset activity for the year ended June 30, 2012 are summarized as follows:

	July 1, 2011	Additions	Deletions	Prior Period Adjustment	June 30, 2012
Nondepreciable Capital Assets:					
Land	\$ 2,428,606	\$ -	\$ -	\$ -	\$ 2,428,606
Construction in Progress	5,520,474	5,992,294	2,279,963	-	9,232,805
Total Nondepreciable Capital Assets	7,949,080	5,992,294	2,279,963	-	11,661,411
Depreciable Capital Assets:					
Improvements other than Buildings	3,992,095	1,791,380	-	-	5,783,475
Buildings	94,529,051	488,583	-	-	95,017,634
Equipment	3,899,774	368,649	151,441	-	4,116,982
Library Books	3,226,197	52,884	4,812	-	3,274,269
Total Depreciable Capital Assets	105,647,117	2,701,496	156,253	-	108,192,360
Less Accumulated Depreciation for:					
Improvements other than Buildings	2,137,495	129,042	-	-	2,266,537
Buildings	23,992,271	1,769,680	-	-	25,761,951
Equipment	3,023,371	260,749	61,570	-	3,222,550
Library Books	3,028,851	44,007	-	-	3,072,858
Total Accumulated Depreciation	32,181,988	2,203,478	61,570	-	34,323,896
Capital Assets, Net	\$ 81,414,209	\$ 6,490,312	\$ 2,374,646	\$ -	\$ 85,529,875

The following policies are used to compute depreciation:

	Estimated Useful Lives	Salvage Value	Capitalization Threshold
Buildings	40 years	20%	\$ 50,000
Improvements other than Buildings	20 years 3 - 15	20%	25,000
Equipment	years	1-10%	5,000
Library Books	10 years	0%	-

Mississippi University for Women
Notes to Financial Statements
June 30, 2013

Note 7 – Accounts Payable

Accounts payable and accrued liabilities as of June 30, 2013 and 2012, respectively, are as follows:

	<u>June 30, 2013</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>	<u>June 30, 2012</u>
Payable to vendors and contractors	\$ 820,401	\$ 820,401	\$ -	\$ 391,115
Accrued salaries, wages and employee withholdings	2,615,407	1,547,227	1,068,180	1,614,463
Other	85,406	85,406	-	51,904
Total	<u>\$ 3,521,214</u>	<u>\$ 2,453,034</u>	<u>\$ 1,068,180</u>	<u>\$ 2,057,482</u>

Note 8 – Deferred Revenues

Deferred revenues as of June 30, 2013 and 2012, respectively, are as follows:

	<u>June 30, 2013</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>	<u>June 30, 2012</u>
Unearned summer school revenue	\$ 1,117,648	\$ 1,117,648	\$ -	\$ 1,252,063
Other	77,999	77,999	-	70,634
Total	<u>\$ 1,195,647</u>	<u>\$ 1,195,647</u>	<u>\$ -</u>	<u>\$ 1,322,697</u>

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, 2013.

<u>Description and Purpose</u>	<u>Original Issue</u>	<u>Annual Interest Rate</u>	<u>Maturity</u>	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>	<u>Due Within One Year</u>	<u>June 30, 2012</u>
CSI Hardware/Software & Residence Hall Furniture	25-Oct-07	5.37%	25-Sep-12	\$ 4,338	\$ -	\$ 4,338	\$ -	\$ -	\$ 4,338
Total Capital Leases				<u>4,338</u>	<u>-</u>	<u>4,338</u>	<u>-</u>	<u>-</u>	<u>4,338</u>
<u>Other Long-term Liabilities</u>									
- Accrued leave liabilities				1,041,561	71,126	-	1,112,687	44,507	1,041,561
- Federal portion of Perkins Loans				<u>1,376,106</u>	<u>-</u>	<u>110,742</u>	<u>1,265,364</u>	<u>-</u>	<u>1,376,106</u>
Total Other Long-term Liabilities				<u>2,417,667</u>	<u>71,126</u>	<u>110,742</u>	<u>2,378,051</u>	<u>44,507</u>	<u>2,417,667</u>
Total				<u>\$ 2,422,005</u>	<u>\$ 71,126</u>	<u>\$ 115,080</u>	<u>\$ 2,378,051</u>	<u>\$ 44,507</u>	<u>\$ 2,422,005</u>
Due within one year							44,507		46,000
Total Long-term Liabilities							<u>\$ 2,333,544</u>		<u>\$ 2,376,005</u>

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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
2014	\$ -	\$ -	\$ -	\$ -	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019-2023	-	-	-	-	-
2024-2028	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	-

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
2014	\$ 77,899
2015	67,011
2016	54,467
2017	43,260
2018	10,462
Total Minimum Payments Required	\$ <u>253,099</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.

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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, MS 39201-1005 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. This rate increased from 9.75% of annual covered payroll to 10.75% of covered payroll on July 1, 2005; however, the Mississippi Legislature provided funds to cover approximately 89% of the increase during fiscal year 2006. The rate increased to 11.30% as of July 1, 2006, 11.85% on July 1, 2007, 12.00% on July 1, 2009, 12.93% on January 1, 2012, and 14.26% on July 1, 2012. 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, 2013, 2012, and 2011 were \$1,897,364, \$1,638,270, and \$1,421,617, 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, 2013, 2012, and 2011, were \$626,539, \$547,814, and \$503,082, 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.

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Note 14 – Federal Direct Lending and FFEL Programs

The University distributed, \$15,820,181 and \$15,685,510 for the years ended June 30, 2013 and 2012, 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, 2013. 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 Renovation	\$ 2,364,192	\$ -	\$ 2,364,192	\$ -	\$ -
Campus Roofing Program - Phase 1	128,955	-	128,955	-	-
Total	\$ 2,493,147	\$ -	\$ 2,493,147	\$ -	\$ -

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, 2013 and 2012:

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Note 16 - Natural Classifications with Functional Classifications (continued)

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			
FY 2012												
Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total			
Instruction	\$ 8,849,257	\$ 2,384,239	\$ 97,381	\$ 583,372	\$ -	\$ -	\$ 193,684	\$ -	12,107,933			
Research	493,869	116,101	136,372	320,098	-	-	138,367	-	1,204,807			
Public Service	158,669	37,350	3,038	112,258	-	-	63,376	-	374,691			
Academic Support	4,124,879	1,195,880	61,226	931,033	255,393	-	994,405	-	7,562,816			
Student Services	1,298,228	356,789	111,172	284,577	-	-	236,641	-	2,287,407			
Institutional Support	2,571,036	703,127	49,697	1,092,613	-	-	85,550	-	4,502,023			
Operation of Plant	410,866	148,662	1,841	2,412,346	1,464,628	-	84,746	-	4,523,089			
Student Aid	-	-	-	-	-	6,211,694	-	-	6,211,694			
Auxiliary Enterprises	424,605	112,731	15,467	1,563,497	587,196	-	86,518	-	2,790,014			
Depreciation	-	-	-	-	-	-	-	2,141,908	2,141,908			
Total Operating Expenses	\$ 18,331,409	\$ 5,054,879	\$ 476,194	\$ 7,299,794	\$ 2,307,217	\$ 6,211,694	\$ 1,883,287	\$ 2,141,908	\$ 43,706,382			

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Note 17 – 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 University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

Note 18 – Subsequent Events

There have been no events subsequent to June 30, 2013 which would materially affect the financial statements as presented.