



2015-2016
**FINANCIAL
REPORT**

Mississippi University
for Women

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Financial Report

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**MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENT OF NET POSITION**

		June 30,	
Assets		2016	2015
Current Assets:			
Cash and Cash Equivalents	\$	7,647,457	\$ 8,162,173
Short Term Investments			-
Accounts Receivables, Net		4,906,400	4,738,421
Student Notes Receivables, Net		87,817	103,522
Inventories			-
Prepaid Expenses		227,507	431,020
Other Current Assets			-
Total Current Assets		12,869,181	13,435,136
Non-Current Assets:			
Restricted Cash and Cash Equivalents		(1,273,415)	(835,668)
Restricted Short-Term Investments			-
Endowment Investments		3,972,942	3,877,651
Other Long Term Investments		8,405,395	8,007,362
Student Notes Receivable, Net		1,009,893	1,190,505
Capital Assets, Net		97,766,819	97,673,833
Other Noncurrent Assets			-
Total Non-Current Assets		109,881,634	109,913,683
Total Assets		122,750,815	123,348,819

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

**MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENT OF NET POSITION**

	June 30,	
	2016	2015
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 2,764,026	\$ 3,192,166
Unearned Revenues	1,416,572	1,449,896
Accrued Leave Liabilities - Current Portion	50,374	49,019
Long Term Liabilities - Current Portion	146,891	142,919
Other Current Liabilities	314,498	376,644
Total Current Liabilities	4,692,361	5,210,644
Non-Current Liabilities:		
Net Pension Liability	35,499,410	27,087,951
Deposits Refundable	-	-
Accrued Leave Liabilities	1,208,980	1,176,460
Long Term Liabilities	228,025	374,916
Other Non-Current Liabilities	1,006,946	1,114,670
Total Non-Current Liabilities	37,943,361	29,753,997
Total Liabilities	42,635,722	34,964,641
Deferred Inflows of Resources:		
Deferred Amount of Refundings	\$ -	\$ -
Difference Between Projected and Actual Earnings on Pension Plan	867,858	3,926,598
Total Deferred Inflows of Resources	867,858	3,926,598
Total Liabilities and Deferred Inflows of Resources	\$ 43,503,580	\$ 38,891,239
Net Position:		
Net Invested in Capital Assets		97,155,999
Restricted for:		
Nonexpendable -	97,391,903	
Scholarships and Fellowships	823,996	823,889
Research	-	-
Other Purposes	286,659	286,659
Expendable -		
Scholarships and Fellowships	498,987	496,610
Research	-	-
Capital Projects	1,879,019	1,797,417
Debt Service	-	-
Loans	204,265	223,275
Other Purposes	-	-
Unrestricted	(14,638,744)	(13,103,202)
Total Net Position	\$ 86,446,085	\$ 87,680,647

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

MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2016	2015
Operating revenues:		
Tuition and fees:	\$ 19,790,198	\$ 18,401,873
Less scholarship allowances	(6,965,574)	(6,330,627)
Less bad debt expense	(158,101)	(136,022)
Net tuition and fees	12,666,523	11,935,224
Federal grants and contracts	84,258	164,263
State grants and contracts	6,487,163	6,594,464
Nongovernmental grants and contracts	2,907,154	2,539,474
Sales and services of educational departments	1,628,509	1,423,837
Auxiliary enterprises:		
Student housing	2,123,088	2,185,841
Food services	1,755,931	1,795,664
Bookstore	121,524	138,486
Other auxiliary revenues	198,037	180,581
Less auxiliary enterprise scholarship allowances	(1,383,177)	(1,390,884)
Other operating revenues, net	89,369	159,086
Total operating revenues	26,678,379	25,726,036
Operating expenses:		
Salaries and wages	21,247,312	20,542,232
Fringe benefits	7,806,373	5,956,861
Travel	435,829	520,668
Contractual services	8,437,871	8,252,482
Utilities	2,697,424	2,733,757
Scholarships and fellowships	6,053,736	5,895,238
Commodities	2,209,130	2,021,616
Depreciation	2,330,500	2,612,731
Other operating expenses	-	-
Total operating expenses	51,218,175	48,535,585
Operating income (loss)	(24,539,796)	(22,809,549)
Nonoperating revenues (expenses):		
State appropriations	16,744,182	16,726,946
Gifts and grants	5,482,344	5,646,373
Investment income	224,994	284,737
Interest expense on capital asset-related debt	(13,313)	(17,177)
Other nonoperating revenues	102,933	78,756
Other nonoperating expenses	(641,946)	(1,635,056)
Total nonoperating revenues (expenses), net	21,899,194	21,084,579
Income (loss) before other revenues, expenses, gains and losses	(2,640,602)	(1,724,970)
Other revenues, expenses, gains and losses:		
Capital grants and gifts		
State appropriations restricted for capital purposes	1,182,974	5,183,464
Additions to permanent endowments	131,092	125,171
Other additions	416,053	587,051
Other deletions	(473,090)	(670,821)
Change in net position	(1,383,573)	3,499,895
Net position, beginning as originally reported	87,680,647	112,196,989
Prior period adjustments	149,011	(28,016,237)
Net position - beginning of year, as restated	87,829,658	84,180,752
Net position - end of the year	86,446,085	87,680,647

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

**MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENT OF CASH FLOWS**

	<u>2016</u>	<u>2015</u>
Operating activities:		
Tuition and Fees	\$ 12,588,190	\$ 11,728,027
Grants and Contracts	9,604,537	9,613,047
Sales and Services of Educational Departments	1,652,414	1,412,899
Payments to Suppliers	(11,067,013)	(10,425,593)
Payments to Employees for Salaries and Benefits	(27,448,154)	(26,397,031)
Payments for Utilities	(2,748,963)	(2,698,311)
Payments for Scholarships and Fellowships	(6,053,736)	(5,895,238)
Auxiliary Enterprise Charges:		
Student Housing	1,396,212	1,419,620
Food Services	1,069,384	1,223,044
Bookstore	121,524	138,486
Other Auxiliary Enterprises	192,833	187,954
Other Receipts	89,368	159,086
Other Payments	-	-
Net cash used by operating activities	<u>(20,603,404)</u>	<u>(19,534,010)</u>
Noncapital financing activities:		
State Appropriations	16,744,182	16,726,946
Gifts and Grants for Other Than Capital Purposes;	5,516,736	5,716,929
Private Gifts for Endowment Purposes	131,092	125,171
Federal Loan Program Receipts	14,034,037	14,605,866
Federal Loan Program Disbursements	(14,034,037)	(14,605,866)
Other Sources	339,460	338,668
Other Uses	(876,680)	(1,642,310)
Net cash provided by noncapital financing activities	<u>21,854,790</u>	<u>21,265,404</u>
Capital and related financing activities:		
Proceeds from Capital Debt	-	-
Cash Paid for Capital Assets	(1,821,968)	(1,103,872)
Capital Appropriations Received	42,680	686,269
Principal Paid on Capital Debt and Leases	(142,919)	(139,054)
Interest Paid on Capital Debt and Leases	(13,313)	(17,177)
Other Source	-	-
Other Uses	-	-
Net cash used by capital and related financing activities	<u>(1,935,520)</u>	<u>(573,834)</u>
Investing activities:		
Proceeds from Sales and Maturities of Investments	17,726,780	4,450,000
Interest Received on Investments	1,341,515	443,658
Purchases of Investments	(19,336,625)	(3,950,680)
Net cash used by investing activities	<u>(268,330)</u>	<u>942,978</u>
Net change in cash and cash equivalents	<u>(952,464)</u>	<u>2,100,538</u>
Cash and cash equivalents - beginning of year	<u>7,326,505</u>	<u>5,225,967</u>
Cash and cash equivalents - end of year	<u>\$ 6,374,041</u>	<u>\$ 7,326,505</u>

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

**MISSISSIPPI UNIVERSITY FOR WOMEN
STATEMENT OF CASH FLOWS**

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

	2016	2015
Operating Income (Loss)	\$ (24,539,796)	\$ (22,809,549)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,330,500	2,612,731
Self-insured claims expense		-
Provision for uncollectible receivables	195,636	136,022
Other	(3,975,783)	827,845
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(12,039)	442,837
Inventories		-
Prepaid Expenses	203,512	94,139
Other Assets		(338,195)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	(158,704)	672,360
Deferred Revenue	(33,324)	59,095
Deposits Refundable		-
Accrued Leave Liability	33,875	42,633
Loans to Students and Employees		-
Other Liabilities	5,352,719	(1,273,928)
Total Adjustments	3,936,392	3,275,539
Net Cash Provided (Used) by Operating Activities	\$ (20,603,404)	\$ (19,534,010)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	7,647,457	8,162,173
Noncurrent assets - restricted cash and cash equivalents	(1,273,415)	(835,668)
Cash and cash equivalents - end of year	\$ 6,374,042	\$ 7,326,505
NON-CASH TRANSACTIONS:		
1) State Appropriations Restricted for Capital Purposes	\$ 963,465	\$ 5,183,464
2) Unrealized Gain(Loss) on Fair Value of Investments	194,953	(191,771)
3) Bureau of Buildings and Grounds Construction-in-Progress	967,954	(4,760,483)
4) Provision for Bad Debts	158,101	136,960

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

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

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, 2008, shall continue to serve until expiration of ten year terms of office. Appointments made in 2012 and thereafter will serve nine year terms of office.

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, 2016 and 2015

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.

New Accounting Standards – During fiscal year 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement generally requires investments to be measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques are required to be used that are appropriate with defined approaches. Disclosures are required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The adoption of this statement had no impact on the financial statements beyond the disclosures added in note 3.

Recently Issued Accounting Standards – In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees not within the scope of Statement 68. Requirements are also established for assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administrated through trusts that meet the criteria within the scope of Statement No. 67. This Statement is effective for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Post Employment Benefit Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. This Statement is effective for fiscal years beginning after June 14, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviation from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2016.

The impact of these pronouncements on the University's financial statements is currently being evaluated and has not yet been fully determined.

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 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.

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2016 and 2015

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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 \$883,492 and \$1,006,946 as of June 30, 2017 and 2016, 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.

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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.

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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, 2015 was increased by \$149,011 to recognize adjustments that pertained to prior periods, as detailed in the following table:

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 2 - Prior Period Adjustments (continued)

Explanation(s)	Additions (Deductions) at 6-30-2016
Capital Assets Adjustment	\$ 225,622
Accounts Payable Adjustments	(76,611)
Total Adjustments	\$ 149,011

Net position at July 1, 2014 was decreased by \$87,363 to recognize adjustments that pertained to prior periods, as detailed in the following table.

Explanation(s)	Additions (Deductions) at 6-30-2015
Accounts Receivable Adjustments	\$ (133,030)
Accounts Payable Adjustments	45,667
Total Adjustments	\$ (87,363)

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. The system's investment policy is governed by Section 27-105-33, MS. Code Ann. 1972) and the Uniform Management of Institutional Funds Act of 1998.

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

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 MS. 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

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

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 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 at June 30, 2016 and 2015:

<u>Statement of Net Position Classification</u>	<u>Fair Market Value</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Short term investments - current assets	\$ -	\$
Noncurrent assets		
Endowment Investments	3,972,942	3,877,651
Other long term investments	8,402,875	8,007,362
Total	\$ <u>12,375,817</u>	\$ <u>11,885,013</u>

The following table presents the fair value of investments by type at June 30, 2016 and 2015:

<u>Investment Type</u>	<u>Fair Market Value</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
U.S. Government Agency Obligations	\$ 8,624,093	10,000,408
Municipal Bonds	1,095,291	2,383,725
U.S. Treasury T-Bills	2,499,833	-
Land Grant	156,600	156,600
	\$ <u>12,375,817</u>	<u>12,540,733</u>

Custodial credit risk for investments is 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. The State of Mississippi Institutions of Higher Learning System does not presently have a formal policy for custodial credit risk. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

Note 3 - Cash and Investments (continued)

department or agent but not in the government's name. The University did not have any investments exposed to custodial credit risk as of June 30, 2017.

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, 2016 and 2015, the University had the following investments subject to interest rate risk:

June 30, 2016

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 11,123,926	\$ 2,499,833	2,950,751	4,512,723	1,160,619 +
Municipal Bonds	\$ 1,095,291	-	976,384	118,907	-
	<u>\$ 12,219,217</u>				

June 30, 2015

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 9,385,612	\$ -	2,684,497	4,043,457	2,657,658 +
Municipal Bonds	\$ 2,340,281	254,838	1,475,160	610,283	-
	<u>\$ 11,725,893</u>				

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The State of Mississippi Institutions of Higher Learning System does not presently have a formal policy that addresses credit risk. The ratings are issued upon standards set by Standard & Poors or Moody's. As of June 30, the University had the following investments subject to credit risk:

	Fair Market Value	
	June 30, 2016	June 30, 2015
AAA	\$ -	\$ -
AA+	9,963,309	8,448,893
AA	1,095,291	2,340,281
A	-	-
Not Rated	1,160,617	936,719
Total	<u>\$ 12,219,217</u>	<u>\$ 11,725,893</u>

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 State of Mississippi Institutions of Higher

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Notes to Financial Statements
June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

Learning System does not presently have a formal policy that addresses concentration of credit risk. The University had the following investments that represent more than five percent of investments as of June 30:

	June 30, 2016	% of Total Investments	June 30, 2015	% of Total Investments
Federal Home Loan Bank	\$ 1,749,268	14%	\$ 2,707,060	23%
Federal Home Loan Mortgage Corporation	599,734	5%	1,000,114	9%
Federal Farm Credit Bank	4,012,972	33%	1,686,406	14%
First National Data Bank	751,022	6%	3,055,314	26%
Municipal Tax Bonds	1,095,291	9%	2,340,281	20%
Treasury T - Bills	2,499,833	20%	0	0%

Investment Fair Value Measurement

In compliance with GASB Statement No. 72, Fair Value Measurement and Application, the following tables present the financial assets carried at fair value by level within the valuation hierarchy, as of June 30, 2016 and 2015.

	Level 1	Level 2	2016 Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Government securities		\$ 9,719,384		\$ 9,719,384
Corporate bonds				-
Certificates of deposit				-
Other fixed income securities	2,656,433			2,656,433
Total fixed income	2,656,433	9,719,384	-	12,375,817
Equities:				
Common stocks				-
Common stock funds				-
Mutual funds				-
Index funds				-
Total equities	-	-	-	-
Hedge funds				-
Venture capital				-
Other short-term investments				-
Total investments	\$ 2,656,433	\$ 9,719,384	\$ -	\$ 12,375,817

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June 30, 2016 and 2015**

Note 3 - Cash and Investments (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>2015 Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Government securities		\$ 11,725,892		\$ 11,725,892
Corporate bonds				-
Certificates of deposit				-
Other fixed income securities	156,600			156,600
Total fixed income	<u>156,600</u>	<u>11,725,892</u>	<u>-</u>	<u>11,882,492</u>
Equities:				
Common stocks				-
Common stock funds				-
Mutual funds				-
Index funds				-
Total equities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hedge funds				-
Venture capital				-
Other short-term investments				-
Total investments	<u>\$ 156,600</u>	<u>\$ 11,725,892</u>	<u>\$ -</u>	<u>\$ 11,882,492</u>

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the government has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2017 and 2016:

	June 30, 2016	Purging Memo Reclassification	June 30, 2016	June 30, 2015
Student tuition	\$ 4,257,632	(300,601)	3,957,031	\$ 3,762,566
Auxiliary enterprises and other operating activities	25,571		25,571	30,959
Capital grants and contracts	-		-	-
Federal, state, and private grants and contracts	2,220,098		2,220,098	2,047,436
State Appropriations	432,587		432,587	505,420
Accrued Interest	101,241		101,241	38,439
Other	44,354		44,354	32,447
Total Accounts receivable	\$ 7,081,483	(300,601)	6,780,882	\$ 6,417,267
Less allowance for doubtful accounts	\$ 2,175,083	(300,601)	1,874,482	\$ 1,678,846
Net Accounts receivable	\$ 4,906,400	-	4,906,400	\$ 4,738,421

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, 2017 and 2016:

	Interest Rates	June 30, 2016	Current Portion	Non-Current Portion	June 30, 2015
Perkins student loans	3% to 9%	\$ 1,554,033	87,817	1,466,216	1,666,875
Institutional loans	0% to 9%	1,365		1,365	1,365
Total Notes receivable		1,555,398	87,817	1,467,581	1,668,240
Less allowance for doubtful accounts		457,688		457,688	374,213
Net Notes receivable		\$ 1,097,710	87,817	1,009,893	1,294,027

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 6 - Capital Assets

Capital assets as of June 30, 2017, and capital asset activity for the years ended June 30, 2016 and 2015, respectively are summarized as follows:

Note 6 - Capital Assets (continued)

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

	July 1, 2014	Additions	Deletions	Prior Period Adjustment	June 30, 2015
Nondepreciable Capital Assets:					
Land	\$ 2,428,606	\$ -	\$ -	\$ -	\$ 2,428,606
Historical Articles & Museum	13,345	-			13,345
Construction in Progress	909,697	5,292,860	5,440,029		762,528
Total Nondepreciable Capital Assets	\$ 3,351,648	\$ 5,292,860	\$ 5,440,029	\$ -	\$ 3,204,479
Depreciable Capital Assets:					
Improvements other than Buildings	\$ 7,528,937	\$ -	\$ -	\$ -	\$ 7,528,937
Buildings	115,008,116	5,440,029			120,448,145
Equipment	4,503,456	518,279	133,099	(7,414)	4,881,222
Library Books	3,375,566	68,773	187,293		3,257,046
Total Depreciable Capital Assets	\$ 130,416,075	\$ 6,027,080	\$ 320,392	\$ (7,414)	\$ 136,115,350
Less Accumulated Depreciation for:					
Improvements other than Buildings	\$ 2,728,926	\$ 257,121	\$ -	\$ -	\$ 2,986,047
Buildings	29,584,883	2,138,089			31,722,972
Equipment	3,524,282	312,759	104,171		3,732,870
Library Books	3,195,174	25,606		(16,674)	3,204,106
Total Accumulated Depreciation	\$ 39,033,265	\$ 2,733,575	\$ 104,171	\$ (16,674)	\$ 41,645,995
 Capital Assets, Net	 \$ 94,734,458	 \$ 8,586,365	 \$ 5,656,250	 \$ 9,260	 \$ 97,673,833

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

	July 1, 2015	Additions	Deletions	Prior Period Adjustment	June 30, 2016
Nondepreciable Capital Assets:					
Land	\$ 2,428,606	\$ -	\$ -	\$ -	\$ 2,428,606
Historical Articles & Museum	13,345	-	-	-	13,345
Construction in Progress	762,528	2,388,052	2,408,249	225,622	967,953
Total Nondepreciable Capital Assets	\$ 3,204,479	\$ 2,388,052	\$ 2,408,249	\$ 225,622	\$ 3,409,904
Depreciable Capital Assets:					
Improvements other than Buildings	\$ 7,528,937	\$ 193,763	\$ -	\$ -	\$ 7,722,700
Buildings	120,448,145	2,214,486	-	-	122,662,631
Equipment	4,881,222	219,273	183,185	-	4,917,310
Library Books	3,257,046	63,621	289,898	-	3,030,769
Total Depreciable Capital Assets	\$ 136,115,350	\$ 2,691,143	\$ 473,083	\$ -	\$ 138,333,410
Less Accumulated Depreciation for:					
Improvements other than Buildings	\$ 2,986,047	\$ 199,664	\$ -	\$ -	\$ 3,185,711
Buildings	31,722,972	2,138,088	-	-	33,861,060
Equipment	3,732,870	368,290	126,155	-	3,975,005
Library Books	3,204,106	40,511	289,898	-	2,954,719
Total Accumulated Depreciation	\$ 41,645,995	\$ 2,746,553	\$ 416,053	\$ -	\$ 43,976,495
Capital Assets, Net	<u>\$ 97,673,833</u>	<u>\$ 2,332,642</u>	<u>\$ 2,465,279</u>	<u>\$ 225,622</u>	<u>\$ 97,766,819</u>

As of June 30, 2016 and 2015, capital assets included assets under capital leases with an original cost basis of approximately \$725,000 and accumulated amortization of approximately \$350,084 and \$207,165, respectively.

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	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, 2016 and 2015**

Note 7 – Accounts Payable

Accounts payable and accrued liabilities as of June 30, 2016 and 2015, respectively, are as follows:

	June 30, 2016	Current Portion	Non-Current Portion	June 30, 2015
Payable to vendors and contractors	\$ 645,034	645,034	\$0	1,401,871
Accrued salaries, wages and employee withholdings	2,059,050	2,059,050	0	1,561,203
Other	59,942	59,942	0	229,091
Total	<u>\$ 2,764,026</u>	<u>2,764,026</u>	<u>\$0</u>	<u>\$ 3,192,165</u>

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

Note 8 – Unearned Revenues

Unearned revenues as of June 30, 2016 and 2015, respectively, are as follows:

	June 30, 2016	Current Portion	Non-Current Portion	June 30, 2015
Unearned summer school revenue	\$ 1,316,230	1,316,230	-	\$ 1,358,766
Other	100,342	100,342	-	91,130
Total	<u>\$ 1,416,572</u>	<u>1,416,572</u>	<u>-</u>	<u>\$ 1,449,896</u>

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, 2016. This contingency represents the federal portion of the Perkins Loan program, which would be due and payable to the U.S. government if the University ceases to participate in this program.

The University participates in the master lease/purchase programs, which are centralized program maintained by the IHL Board office of the Mississippi Institutions of Higher Learning in which the universities' essential governmental-use equipment needs are consolidated into and financed as one request. A similar program is maintained by the Department of Finance and Administration for all state agencies. The University also participates in that program. The consolidation of these needs means that the cost of issuance is lower, and the universities and agencies collectively receive a better interest rate than they would have received individually. Lease terms for equipment purchased through the master lease/purchase program cover a period not to exceed five years. The University has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

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Notes to Financial Statements
June 30, 2016 and 2015**

Note 9 - Long term Liabilities (continued)

Information regarding original issue amounts, interest rates and maturity dates for capital leases included in the long term liabilities balance at June 30, 2016 is listed in the following schedules. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	July 1, 2015	Additions	Deletions	June 30, 2016	Due Within One Year	June 30, 2015
Network Core Upgrade & Golf Carts	10-Oct-18	2.76%	10-Oct-18	\$ 517,835	\$ -	\$ 142,919	\$ 374,916	\$ 146,891	\$ 517,835
Total Capital Leases				\$ 517,835	\$ -	\$ 142,919	\$ 374,916	\$ 146,891	\$ 517,835
Other Long-term Liabilities									
- Accrued leave liabilities				\$ 1,225,479	\$ 33,875	\$ -	\$ 1,259,354	\$ 50,374	\$ 1,225,479
- Federal portion of Perkins Loans				1,114,670	-	107,724	1,006,946		1,114,670
Total Other liabilities				\$ 2,340,149	\$ 33,875	\$ 107,724	\$ 2,266,300	\$ 50,374	\$ 2,340,149
Total				\$ 2,857,984	\$ 33,875	\$ 250,643	\$ 2,641,216	\$ 197,265	\$ 2,857,984
Due within one year							\$ 197,265	\$ 191,938	
Total long-term liabilities							\$ 2,443,951	\$ 2,666,046	

The scheduled maturities of long term liabilities are as follows:

Fiscal Year	Capital Leases	Interest	Total
2017	\$ 146,890	\$ 9,341	\$ 156,231
2018	150,973	5,259	156,232
2019	77,053	1,063	78,116
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
Totals	\$ 374,916	\$ 15,663	\$ 390,579

**Mississippi University for Women
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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
2017	\$64,121
2018	32,385
2019	21,438
2020	11,131
2021	<u>481</u>
Payments Required	<u>\$129,556</u>

Total rental expense for all operating leases, except those with terms of one month or less that were not renewed, for the fiscal years ending June 30, 2016 and 2015 was \$82,961, and \$71,047, respectively.

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.

Note 12 – 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.

Note 13 – Federal Direct Lending and FFEL Programs

The University distributed and \$14,034,037 and \$14,605,866 for the years ended June 30, 2016 and 2015, 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.

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 14 - Construction Commitments and Contingent Liabilities

The University has contracted for a construction project as of June 30, 2016. Estimated costs to complete this project and the sources of anticipated funding are as follows:

	Total Costs to Complete	Funded by			
		Federal Sources	State Sources	Institutional Sources	Other Sources
Cromwell Controls	21,402	-	-	21,402	-
Hastings Fire Panel	48,031	-	-	48,031	-
Total	\$ 69,433	\$ -	\$ -	69,433	\$ -

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.

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 15 - Natural Classifications with Functional Classifications

The University's operating expenses by functional classification were as follows for the years ended June 30, 2016 and 2015:

FY2016 Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 10,324,705	\$ 3,738,829	\$ 156,433	\$ 862,864	\$ -	\$ -	\$ 377,292	\$ -	\$ 15,460,123
Research	190,115	66,215	12,037	185,999	-	-	71,062	-	525,428
Public Service	237,521	69,056	4,023	112,160	-	-	112,995	-	535,755
Academic Support	4,733,182	1,822,823	79,188	1,061,004	276,547	-	913,903	-	8,886,647
Student Services	1,537,012	584,767	86,415	305,004	345	-	252,826	-	2,766,369
Institutional Support	3,196,949	1,195,241	70,027	845,583	9,124	-	193,433	-	5,510,357
Operation of Plant	460,470	201,661	5,481	2,883,184	1,876,540	-	101,801	-	5,529,137
Student Aid	-	-	-	-	-	6,053,736	-	-	6,053,736
Auxiliary Enterprises	567,358	127,781	22,225	2,182,073	534,868	-	185,818	-	3,620,123
Depreciation	-	-	-	-	-	-	-	2,330,500	2,330,500
Other	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 21,247,312	\$ 7,806,373	\$ 435,829	\$ 8,437,871	\$ 2,697,424	\$ 6,053,736	\$ 2,209,130	\$ 2,330,500	\$ 51,218,175

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June 30, 2016 and 2015**

Note 15 - Natural Classifications with Functional Classifications (continued)

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Total
Instruction	\$ 10,016,512	\$ 2,467,868	\$ 196,083	\$ 718,591	\$ 116	\$ -	\$ 298,538	\$ -	\$ 13,697,708
Research	225,767	50,884	5,585	173,817	-	-	70,634	-	526,687
Public Service	205,958	38,379	3,657	92,701	-	-	105,987	-	446,682
Academic Support	4,656,239	1,254,880	94,913	974,067	255,754	-	1,051,233	-	8,287,086
Student Services	1,336,650	344,781	98,061	364,284	459	-	215,712	-	2,359,947
Institutional Support	3,033,270	765,969	90,832	968,702	12,571	-	107,817	-	4,979,161
Operation of Plant	460,416	144,353	4,145	2,604,963	1,909,945	-	63,801	-	5,187,623
Student Aid	-	-	-	-	-	5,895,238	-	-	5,895,238
Auxiliary Enterprises	607,420	93,566	27,392	2,355,357	554,912	-	107,894	-	3,746,541
Depreciation	-	-	-	-	-	-	-	2,612,731	2,612,731
Other	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 20,542,232	\$ 5,160,680	\$ 520,668	\$ 8,252,482	\$ 2,733,757	\$ 5,895,238	\$ 2,021,616	\$ 2,612,731	\$ 47,739,404

Note 16 – Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$27,543 and \$35,099 as of June 30, 2016 and 2015, 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.”

Note 17 – Pension and Other Employee Benefit Plans

(a) PERS Defined Benefit Plan

Plan Description

The IHL System participates in either the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan or the Optional Retirement Plan (ORP), a multiple-employer defined contribution plan established in 1990. 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 issued a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees’ Retirement IHL System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

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 IHL System after July 1, 2007. A member who entered the IHL 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.

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Note 17 – Pension and Other Employee Benefit Plans (continued)

Funding Policy

PERS members are required to contribute 9.0% of their annual salary and the institution is required to contribute at an actuarially determined rate. The actuarially determined rate was 15.75% of annual covered payroll at June 30, 2016 and 2015. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The University's contributions to PERS for the years ended June 30, 2016, 2015, and 2014, were \$2,345,662, \$2,259,689, and \$2,147,739, respectively. Such contributions equaled the required contributions for each respective year.

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

At June 30, 2016 and 2015, the University reported a liability of \$35.5 million and \$27.1 million, respectively, for its proportionate share of the net pension liability. The net pension liability for June 30, 2016 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The University's proportionate share of the net pension liability as of June 30, 2015 and 2014 was 0.23 and 0.22 percent, respectively.

For the years ended June 30, 2016 and 2015, the University recognized pension expense of \$3.7 million and \$2.0 million, respectively. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of resources					Deferred inflow of resources			
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between Employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Differences between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes of assumptions	Total deferred inflows of resources
Mississippi University for Women	816,880	3,058,149	1,006,883	2,316,938	7,198,850	-	867,858	-	867,858

\$2.3 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Notes to Financial Statements
June 30, 2016 and 2015**

Note 17 – Pension and Other Employee Benefit Plans (continued)

	Deferred outflow of resources year ended June 30				Total
	2017	2018	2019	2020	
Mississippi University for Women	1,312,342	1,312,342	1,312,342	944,886	4,881,912

	Deferred inflow of resources year ended June 30					Total
	2017	2018	2019	2020	2021	
Mississippi University for Women	173,572	173,572	173,572	173,572	173,570	867,858

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2015
Actuarial cost method	Entry age
Actuarial assumptions:	
Discount rate	7.75%
Inflation	3.00%
Payroll growth	3.75%
Projected salary increase	3.75-19.00% (1)
Investment rate of return	7.75% (2)

(1) Depending on age, service, and type of employment, including inflation

(2) Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

Discount rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 17 – Pension and Other Employee Benefit Plans (continued)

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
	<u>100.00%</u>	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the University’s proportionate share of the net pension liability, calculated using the discount rate of 7.75%, as well as what the IHL System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Mississippi University for Women			
Net pension liability	46,791,410	35,499,410	26,129,072

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

(b) ORP Defined Contribution Plan

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning faculty. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees and in the event of death, provides funds for their beneficiaries, through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined contribution plan.

**Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015**

Note 17 – Pension and Other Employee Benefit Plans (continued)

The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the years ended June 30, 2016, 2015, and 2014 were \$791,639, \$793,793, and \$748,491 respectively, which equaled its required contribution for each respective year.

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Net Pension Liability
For the years ended June 30, 2016 and 2015

	Proportionate share of the net pension liability	Proportionate share of the net pension liability	FY 2015 Covered- employee payroll	Proportionate share of the net pension liability as a percentage of its covered- employee payroll	PERS fiduciary net position as a percentage of the total pension liability
Mississippi University for Women:					
2016	0.23%	35,499,410	14,347,232	247.43%	61.70%
2015	0.22%	27,087,951	13,636,438	199.00%	67.00%

Schedule of Proportionate Share of Contributions
For the years ended June 30, 2016 and 2015

	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	FY 2016 Covered- employee payroll	Contribution as a percentage of covered- employee payroll
Mississippi University for Women:					
2016	2,316,938	(2,316,938)	-	14,710,717	15.75%
2015	2,243,470	(2,243,470)	-	14,244,254	15.75%

(1) Schedule of Proportionate Share of Net Pension Liability

This schedule presents historical trend information about the University's proportionate share of the net pension liability for its employees who participate in the PERS. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the plan.

Mississippi University for Women
Notes to Financial Statements
June 30, 2016 and 2015

Note 17 – Pension and Other Employee Benefit Plans (continued)

Information related to years prior to 2015 is not available, therefore, trend information will be accumulated to display a ten-year presentation.

(2) Schedule of Proportionate Share of the University's Contributions

The required contributions and percentage of those contributions actually made are presented in the schedule. Information related to years prior to 2015 is not available, therefore, trend information will be accumulated to display a ten-year presentation.

(3) Changes in Assumptions and Benefit Terms

Changes of assumptions: Amounts reported for fiscal year 2016 reflect changes in assumptions since the last Measurement Date based on an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience study report is dated May 4, 2015. The change in TPL due to changes in actuarial assumptions is spread over the remaining service life of the entire PERS membership just like Plan experience.

Change of benefit terms: Amounts reported for fiscal year 2016 reflect no changes in benefit terms.

Note 18 – Impairment of Capital Assets

GASB No. 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no capital assets considered impaired in fiscal year 2016.

Note 19 – Subsequent Events

There have been no events subsequent to June 30, 2016 which would materially affect the financial statements as presented.