



# GASB 2016 - 2017

MISSISSIPPI VALLEY  
STATE UNIVERSITY



MISSISSIPPI VALLEY STATE  
UNIVERSITY.

October 11, 2017

Dr. Jerryl Briggs, Jr.  
Acting President  
Mississippi Valley State University  
Itta Bena, MS 38941

Dear Dr. Briggs:

We are submitting the Annual GASB Financial Report of Mississippi Valley State University for the year ending June 30, 2017 for your review.

We will gladly supply any additional or supplemental information which you may desire.

Respectfully,

Joyce A. Dixon  
Vice President/CFO

OFFICE OF  
BUSINESS AND FINANCE

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**MISSISSIPPI VALLEY STATE**  
UNIVERSITY™

**FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**

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**Overview of Management Discussion and Analysis**

Mississippi Valley State University (henceforth referred to as the University) presents its financial statements for the fiscal year ended June 30, 2017 and 2016 in accordance with GASB Statements Nos. 34 and 35.

The financial report of the University includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles which establish standards for external financial reporting for public colleges and universities and require that financial statements be prepared on a consolidated basis to focus on the University as a whole. Previously, financial statements focused on the accountability of fund groups, rather than on the University as a consolidated entity.

The following discussion and analyses provide an overview of the financial position and activities of Mississippi Valley State University for the year ended June 30, 2017, with selected comparative information for the year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**Statement of Net Position**

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The net assets amount is one indicator of the current financial condition of the University, while the change in net assets is indicative of whether the overall financial condition has improved or diminished during the year.

Assets and revenues are recognized when the services are provided. Liabilities and expenses are recognized when services are provided. Assets and liabilities are generally measured using current values. One notable exception, however, is capital assets, which are stated at historical cost less an allowance for depreciation.

Net position is divided into three major categories; invested in capital assets, restricted and unrestricted for the years ended June 30, 2017 and 2016 are as follows:

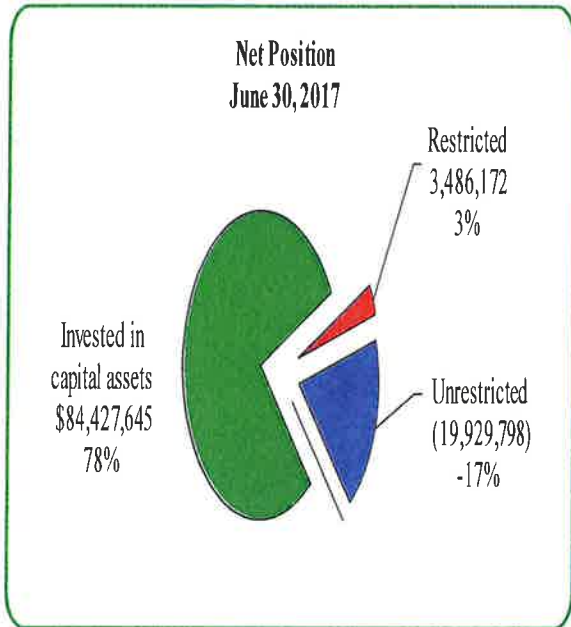
<b>Net Position</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>% I(D)</b>
Invested in capital assets	\$ 84,427,645	84,260,935	166,710	0%
Restricted	3,486,172	3,075,451	410,721	13%
Unrestricted	(19,929,798)	(19,622,862)	(306,936)	2%
<b>Total</b>	<b>\$ 67,984,019</b>	<b>67,713,524</b>	<b>270,495</b>	<b>9%</b>



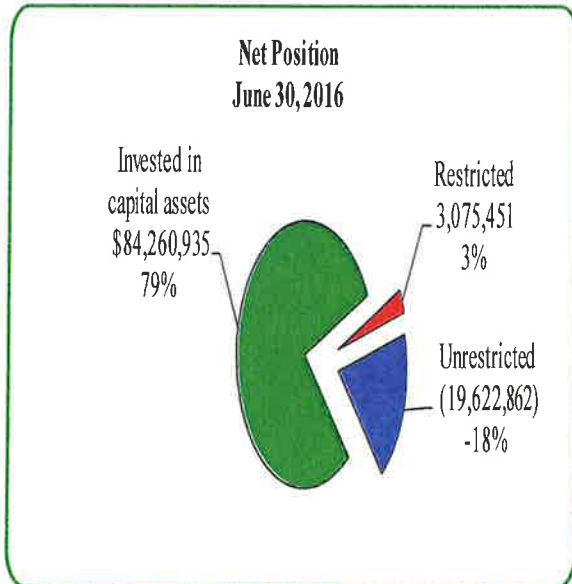
**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2017**

The distribution of net position for FY 2017 and FY 2016 are as follows:

Invested in capital assets, net of related debt, represents the equity in property, plant and equipment of the University.



Restricted net position is divided into two categories, nonexpendable and expendable. Nonexpendable restricted assets are composed of donor restricted endowment funds. Expendable restricted net position is available for expenditure by the University, but must be expended for purposes intended by the donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The expendable restricted net position of the University consists of funds utilized for scholarships and fellowships, capital projects, debt service, other purposes.



Unrestricted net position can be used for any lawful purpose deemed necessary to manage the operations of the University. A portion of the unrestricted net position of the University has been reserved for inventories, prepayments, auxiliary enterprises, designated, pension and other purposes. Unrestricted net position for the fiscal years ended June 30, 2017 and 2016 include net positions for other purposes of \$16,273,002 and \$13,804,976 and net pension deficits of \$36,202,800 and \$33,427,838, respectively with the adoption of GASB 68, Accounting and Reporting of Pension.



The condensed Statement of Net Position for the years ended June 30, 2017 and 2016 is as follows:

<b>Statement of Net Position</b>				
	<b>FY 2017</b>	<b>FY 2016</b>	<b>Difference</b>	<b>%I(D)</b>
<b>Assets:</b>				
Current assets	\$ 20,991,403	\$ 17,839,219	\$ 3,152,184	4%
Non-current assets	106,210,303	106,281,640	(71,337)	0%
Total assets	<u>\$ 127,201,706</u>	<u>\$ 124,120,859</u>	<u>\$ 3,080,847</u>	4%
Deferred outflows of resources	10,498,454	6,765,624	3,732,830	4%
Total assets and deferred outflows of resources	<u>\$ 137,700,160</u>	<u>\$ 130,886,483</u>	<u>\$ 6,813,677</u>	
<b>Liabilities:</b>				
Current liabilities	\$ 3,178,477	\$ 2,803,970	\$ 374,507	13%
Non-current liabilities	64,556,087	57,930,712	6,625,375	11%
Total liabilities	<u>\$ 67,734,564</u>	<u>\$ 60,734,682</u>	<u>\$ 6,999,882</u>	12%
Deferred inflows of resources	1,981,577	2,438,277	(456,700)	-1%
Total liabilities and deferred inflows of resources	<u>\$ 69,716,141</u>	<u>\$ 63,172,959</u>	<u>\$ 6,543,182</u>	
<b>Net Position:</b>				
Invested in capital assets	\$ 84,427,645	\$ 84,260,935	\$ 166,710	0%
Restricted	3,486,172	3,075,451	410,721	13%
Unrestricted	(19,929,798)	(19,622,862)	(306,936)	2%
Total net position	<u>\$ 67,984,019</u>	<u>\$ 67,713,524</u>	<u>\$ 270,495</u>	0%

The University continues to maintain and protect its financial position with cost controls, conservative investments, strategic-use of debt and adherence to its long range capital plan for the maintenance and replacement of the physical plant.

Current assets increase is primarily composed of cash and cash equivalents and accounts receivables. Strategic cost controls resulted in increased cash reserves. The increase in receivables is attributable to increased student receivable and delayed State appropriation payment and grant and contract draw-downs.

Current liabilities increase primarily resulted from the receipt of restricted unearned revenues in advance of expenditures.

Non-current liabilities include long-term debt, accrued leave liability and pension liability (GASB 68). Pension liability increased approximately \$7 million to \$44.1 million in 2017 based on actuarial calculations. Debt service payments were current and there were no debt covenant violations.

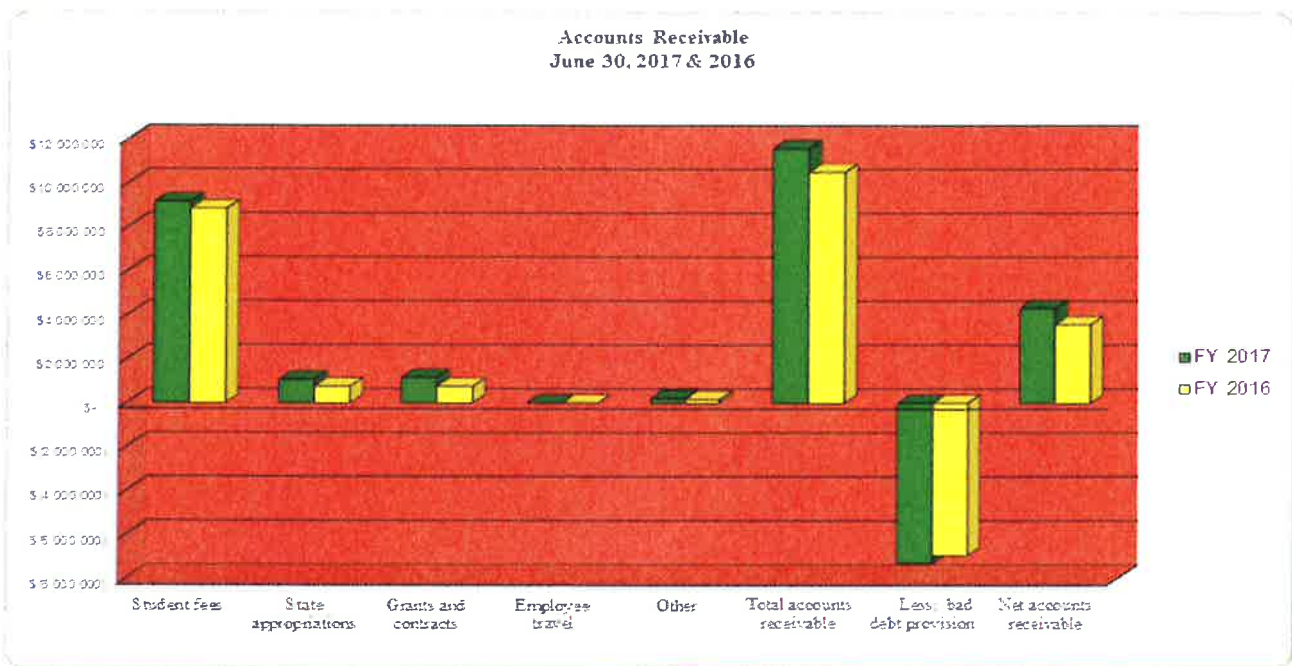




**Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

Deferred outflows and inflows of resources changes resulted from actuarial pension calculations in accordance with GASB 68.

Accounts receivables graphically displayed for the years ended June 30, 2017 and 2016 are as follows.



Accounts receivable at June 30, 2017 and 2016 are as follows:

Type of Receivable	FY 2017	FY 2016	Difference	%I(D)
Student fees	\$ 9,155,967	\$ 8,837,114	\$ 318,853	4%
State appropriations	1,070,427	754,990	315,437	42%
Grants and contracts	1,156,266	748,536	407,730	54%
Employee travel	2,994	3,755	(761)	-20%
Other	210,466	160,550	49,916	31%
<b>Total accounts receivable</b>	<b>11,596,120</b>	<b>10,504,945</b>	<b>1,091,175</b>	<b>10%</b>
<b>Less: bad debt provision</b>	<b>(7,274,845)</b>	<b>(6,930,515)</b>	<b>(344,330)</b>	<b>5%</b>
<b>Net accounts receivable</b>	<b>\$ 4,321,275</b>	<b>\$ 3,574,430</b>	<b>\$ 746,845</b>	<b>21%</b>

Student fees receivable, net of bad debts, increase reflects a rate increase in student charges and late payments. State appropriations receivable was delayed pending the completion of capital expense projects. Grants and contract draw-downs were delayed due to expenditure verifications.



**Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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

The Statement of Revenues, Expenses and Changes in Net Position presents the results of University operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or non-operating. Operating revenues are received for providing goods and services to students and constituencies of the University. Non-operating revenues, including state appropriations, are revenues without the delivery of goods and services. The State Legislature allocates funds to state Institutions of Higher Learning for the education of its citizens.

The condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 is as follows:

<b>Statement of Revenues, Expenses, and Changes in Net Position</b>				
	<b>FY 2017</b>	<b>FY 2016</b>	<b>Difference</b>	<b>%I(D)</b>
Operating revenues	\$ 25,257,886	\$ 24,121,204	\$ 1,136,682	5%
Operating expenses	53,116,811	52,072,828	1,043,983	2%
Operating loss	(27,858,925)	(27,951,624)	92,699	0%
Non-operating revenues and expenses	25,844,708	26,408,589	(563,881)	-2%
Income (loss) before other revenues, expenses, gains, or losses	(2,014,217)	(1,543,035)	(471,182)	31%
Other revenues, expenses, gains or losses	2,284,712	6,452,039	(4,167,327)	-65%
Increase in net position	270,495	4,909,004	(4,638,509)	-94%
Net position - beginning of year	67,713,524	62,804,520	4,909,004	8%
Net position - end of year	\$ 67,984,019	\$ 67,713,524	\$ 270,495	0%

The increase in net position of \$270,495 in 2017 is net of actuarial pension expense of \$2.8 million included in operating expenses. The increase in operating revenues is primarily attributable to a three (3) percent rate increase in tuition and fees, room and board and \$416,000 in additional athletic game guarantees.

Non-operating revenues, net of expenses, reflect a decline in state appropriations and gifts.

Other revenues, expenses, gains or losses are composed primarily of state appropriation funding for capital projects. The reduction reflects the completion of planned projects.

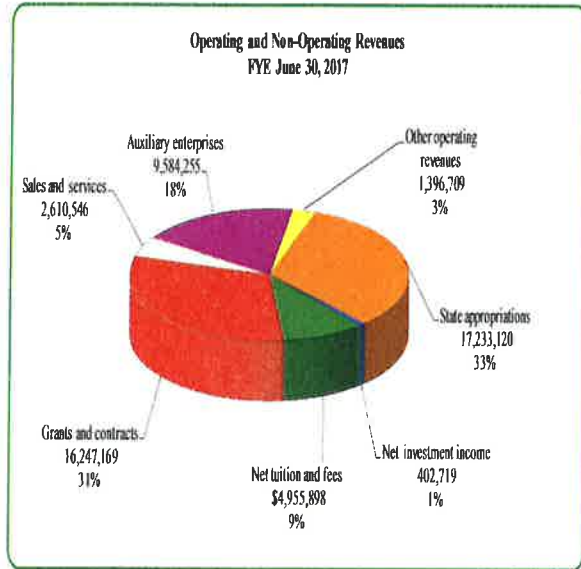




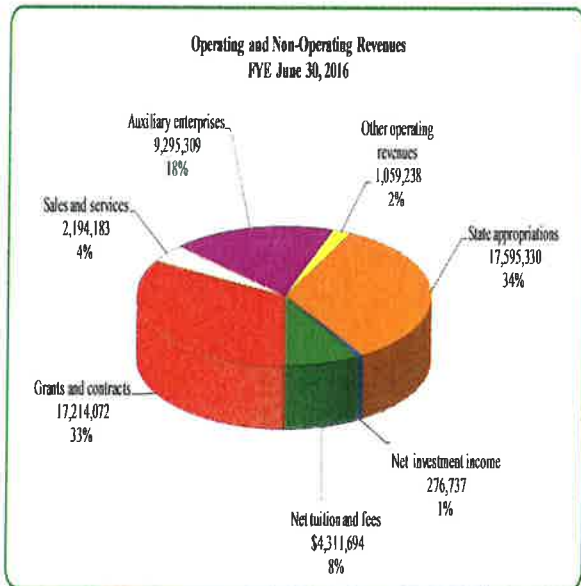
**Management’s Discussion and Analysis  
For the Year Ended June 30, 2017**

Breakdowns of operating and non-operating revenues for the years ended June 30, 2017 and 2016 are as follows:

Operating and non-operating revenues for the years ended June 30, 2017 and 2016 are as follows:



Revenues	FY 2017	FY 2016	I(D)	I(D) %
Net tuition and fees	\$ 4,955,898	\$ 4,311,694	\$ 644,204	15%
Grants and contracts	16,247,169	17,214,072	(966,903)	-6%
Sales and services	2,610,546	2,194,183	416,363	19%
Auxiliary enterprises	9,584,255	9,295,309	288,946	3%
Other operating revenues	1,396,709	1,059,238	337,471	32%
State appropriations	17,233,120	17,595,330	(362,210)	-2%
Net investment income	402,719	276,737	125,982	46%
<b>Total revenues</b>	<b>\$ 52,430,416</b>	<b>\$ 51,946,563</b>	<b>\$ 483,853</b>	<b>1%</b>



Total revenues decreased 2% for the reasons as follows:

- Net tuition and fees increased as a result of a three (3) percent increase in tuition and fees and a slight enrollment increase.
- Sales and services revenue includes increases in athletic game guarantees.
- Auxiliary enterprises revenues reflect a rate increase and level housing, food service and other usage on campus.
- Grants and contracts revenue decreased as a result of the University’s public service efforts.
- Other operating revenues represent an increase in income from various sources.
- Net investment income reflects realized and unrealized gain on investments from University cash and investments and invested proceeds from Bond Series 2015 prior to final refunding.

The graphs show that the University’s sources of funding are fairly consistent between years.

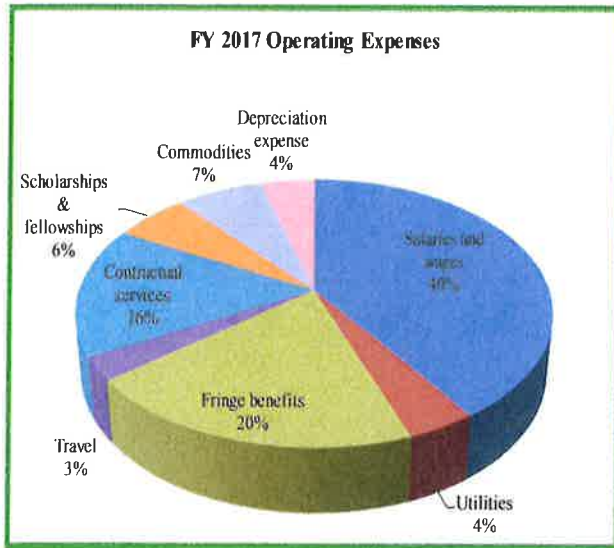
Management continues to seek funding from sources consistent with its missions to supplement the loss in non-resident tuition and fees and to prudently manage the financial resources realized from these efforts to fund its operating activities.



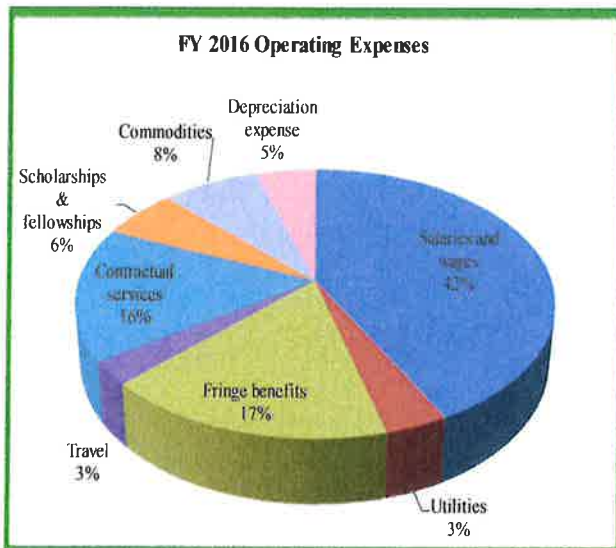
**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2017**

The usage of operating expenses by natural classification for the years ended June 30, 2017 and 2016 is as follows:

A chart of expenses by natural classification for the years ended June 30, 2017 and 2016 is as follows:



	FY 2017	FY 2016	Difference	% I (D)
Salaries and wages	\$ 21,432,778	\$ 22,026,869	\$ (594,091)	-3%
Fringe benefits	10,538,856	8,706,979	1,831,877	21%
Travel	1,513,636	1,470,697	42,939	3%
Contractual services	8,336,960	8,332,636	4,324	0%
Utilities	2,148,185	1,870,151	278,034	15%
Scholarships & fellowships	3,145,631	3,154,254	(8,623)	0%
Commodities	3,663,072	3,992,579	(329,507)	-8%
Depreciation expense	2,337,693	2,518,663	(180,970)	-7%
<b>Total</b>	<b>\$ 53,116,811</b>	<b>\$ 52,072,828</b>	<b>\$ 1,043,983</b>	<b>2%</b>



Operating expenses were strategically reduced to reflect revenue expectations. Some significant variances are as follows:

- The University continues to face significant financial pressure as total compensation rose to 60% of the operating budget in 2017 from 59% in 2016. The reduction in salaries resulted from a strategic plan. Fringe benefits include actuarial pension expense of \$2,775,000 and \$795,000 for 2017 and 2016, respectively.
- Travel declined for non-athletic purposes and increased for athletics which was funded with increased game guarantees reflected in sales and services revenues.
- Utilities increase is due to rate increases, new buildings being placed in operations and the recent implementation of a monthly charge for water and sewage usage.
- Commodities were strategically reduced as a result of declining revenue expectations.
- Depreciation expense decreased as a result capital assets being completely depreciated.

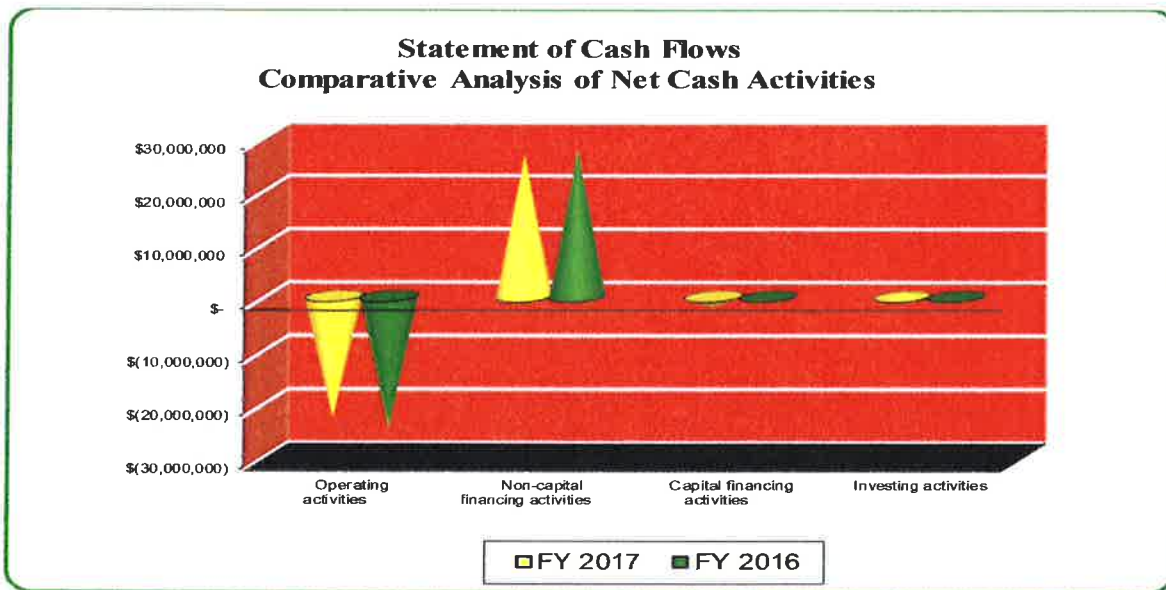


**Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Statement of Cash Flows**

The Statement of Cash Flows provides additional information about the financial results of the University by reporting the major sources and uses of cash. This statement also helps users assess the University's ability to generate net cash flows to meet its obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and long-term debt activities. Cash flows from investing activities show the uses of cash and cash equivalents to purchase investments. Cash flows from non-capital financing activities are those not covered in other sections.

A graphical presentation of net cash activities for the years ended June 30, 2017 and 2016 is as follows:



A condensed Statement of Cash Flows for the years ended June 30, 2017 and 2016 are as follows:

<b>Statement of Cash Flows</b>				
	<b>FY 2017</b>	<b>FY 2016</b>	<b>Difference</b>	<b>%I(D)</b>
Cash provided (used) by:				
Operating activities	\$ (22,749,049)	\$ (24,913,922)	\$ 2,164,873	-9%
Non-capital financing activities	26,464,217	27,708,162	(1,243,945)	-4%
Capital financing activities	(2,059,858)	(558,818)	(1,501,040)	269%
Investing activities	721,634	(462,066)	1,183,700	-256%
Net change in cash	2,376,944	1,773,356	603,588	34%
Cash, beginning of year	10,646,817	8,873,461	1,773,356	20%
Cash, end of year	\$ 13,023,761	\$ 10,646,817	\$ 2,376,944	22%



**Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

Operating activities improved by 9% primarily due to a 3% rate increase of student charges, athletic game guarantees revenue increases and a strategic reduction in expenses.

Non-capital financing activities declined due to a reduction in State appropriations and donations.

Capital financing activities increase is the direct result of the completion of the Bond Series 2015 refunding. Savings will be reflected in future years.

Cash from investing activities resulted from favorable investment returns on University reserves and earnings on refunding bond proceeds used to finalize Bond Series 2015 refunding in 2017.

**Financial Summary and Outlook**

The University has many economic and enrollment challenges. The economic uncertainty in the nation and State of Mississippi continues to adversely affect the University's financial position. Reductions in donations for operations, Federal, state and private funds for financial aid and student assistance from parents could adversely affect enrollment and collections of student charges. Despite tough economic times, the University's enrollment and resulting finances are stable and evidenced by an increase in net position.

Continued support from the State of Mississippi is crucial to management's success of providing a quality education at the lowest cost to its students. Management continues to expand recruiting efforts to offset the loss of non-resident fees and to seek funding from possible sources consistent with its missions to ensure that the University remains fiscally sound. Management constantly revises resource allocations for all financial eventualities.

The Management is not aware of any other issues, decisions or conditions that would adversely affect its financial operations. The University remains focused on its vision of ONE GOAL. ONE TEAM. ONE VALLEY. IN MOTION.



**STATEMENT OF NET POSITION**

	<b>Year ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 13,023,761	\$ 10,646,817
Short term investments	3,027,082	3,117,530
Accounts receivables, net	4,321,275	3,574,430
Inventories	550,084	474,213
Prepaid expenses	69,201	26,229
<b>Total current assets</b>	<b>20,991,403</b>	<b>17,839,219</b>
<b>Non-Current Assets:</b>		
Restricted cash and cash equivalents		
Restricted short-term investments	286,492	670,367
Endowment investments	1,922,804	1,805,321
Other long term investments	1,255,336	1,217,411
Capital assets, net	102,564,975	102,398,265
Other noncurrent assets	180,696	190,276
<b>Total noncurrent assets</b>	<b>106,210,303</b>	<b>106,281,640</b>
<b>Total assets</b>	<b>\$ 127,201,706</b>	<b>\$ 124,120,859</b>
<b>Deferred outflows of resources:</b>		
Difference between expected and actual experience	1,241,361	891,877
Changes in proportionate share	1,148,154	129,325
Contributions subsequent to the measurement date	2,518,436	2,491,943
Changes in assumptions	2,056,715	3,252,479
Changes in investment experience	3,533,788	
<b>Total deferred outflows of resources</b>	<b>10,498,454</b>	<b>6,765,624</b>
<b>Total assets and deferred outflows of resources</b>	<b>137,700,160</b>	<b>130,886,483</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,824,934	\$ 1,889,409
Unearned revenues	706,139	157,624
Accrued leave liabilities-current portion	247,304	251,037
Long term liabilities-current portion	334,466	453,690
Other current liabilities	65,634	52,210
<b>Total Current liabilities</b>	<b>3,178,477</b>	<b>2,803,970</b>





## STATEMENT OF NET POSITION

	Year ended June 30	
	2017	2016
<b>Non-current liabilities:</b>		
Net pension liability	44,719,677	37,755,185
Deposits refundable	30,587	30,689
Accrued leave liabilities	1,656,475	1,661,024
Long term liabilities	18,149,348	18,483,814
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>64,556,087</b>	<b>57,930,712</b>
<b>Total liabilities</b>	<b>\$ 67,734,564</b>	<b>\$ 60,734,682</b>
<b>Deferred inflows of resources:</b>		
Difference between projected and actual earnings on pension plan	1,981,577	2,438,277
<b>Total liabilities and deferred inflows of resources</b>	<b>69,716,141</b>	<b>63,172,959</b>
<b>Net Position:</b>		
Net Invested in Capital Assets	\$ 84,427,645	\$ 84,260,935
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	813,914	804,071
Research		
Other purposes		
Expendable:		
Scholarships and fellowships	1,377,460	1,355,369
Research		
Capital projects	489,651	85,650
Debt service	126,446	129,511
Loans		
Other purposes	678,701	700,850
Unrestricted	(19,929,798)	(19,622,862)
<b>Total net position</b>	<b>\$ 67,984,019</b>	<b>\$ 67,713,524</b>



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended June 30	
	2017	2016
<b>Operating revenues:</b>		
Tuition and fees:		
Tuition and fees	\$ 14,034,666	\$ 13,301,470
Less scholarship allowances	(8,734,438)	(8,648,401)
Less bad debt expense	(344,330)	(341,375)
Net tuition and fees	4,955,898	4,311,694
Federal appropriations		
Federal grants and contracts	6,700,191	7,249,679
State grants and contracts	10,287	11,101
Sales and services of educational departments	2,610,546	2,194,183
Auxiliary enterprises:		
Student housing	3,730,666	3,626,829
Food services	3,050,730	2,875,280
Bookstore	1,131,902	1,297,403
Other auxiliary revenues	1,670,957	1,495,797
Less auxiliary enterprise scholarship allowances		
Interest earned on loans to students		
Other operating revenues, net	1,396,709	1,059,238
<b>Total operating revenues</b>	<b>26,267,886</b>	<b>24,121,204</b>
<b>Operating expenses:</b>		
Salaries and wages	21,432,778	22,026,869
Fringe benefits	10,538,856	8,706,979
Travel	1,513,636	1,470,697
Contractual services	8,336,960	8,332,636
Utilities	2,148,185	1,870,151
Scholarships and fellowships	3,145,631	3,154,254
Commodities	3,663,072	3,992,579
Depreciation	2,337,693	2,518,663
Other operating expenses		
<b>Total operating expenses</b>	<b>53,116,811</b>	<b>52,072,828</b>
<b>Operating income (loss)</b>	<b>(27,858,925)</b>	<b>(27,951,624)</b>
<b>Nonoperating revenues (expenses):</b>		
State appropriations	17,233,120	17,595,330
Federal ARRA (SFSF) revenues		
Gifts and grants	9,536,691	9,953,292
Investment income	402,719	276,737
Interest expense on capital asset-related debt	(1,327,822)	(1,416,770)
Other nonoperating revenues		
Other nonoperating expenses		
<b>Total nonoperating revenues (expenses), net</b>	<b>25,844,708</b>	<b>26,408,589</b>
<b>Income (loss) before other revenues, expenses, gains and losses</b>	<b>(2,014,217)</b>	<b>(1,543,035)</b>
<b>Other revenues, expenses, gains and losses:</b>		
Capital grants and gifts		
State appropriations restricted for capital purposes	2,274,869	6,447,400
Additions to permanent endowments	9,843	4,639
Other additions		
Other deletions		
<b>Change in net position</b>	<b>270,495</b>	<b>4,909,004</b>
<b>Net position - beginning of year, as adjusted (note 1cc)</b>	<b>67,713,524</b>	<b>62,804,520</b>
<b>Net position - end of year</b>	<b>67,984,019</b>	<b>67,713,524</b>



## STATEMENT OF CASH FLOWS

	<b>Year ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Operating activities:		
Tuition and Fees	5,529,788	4,344,403
Grants and Contracts	6,302,748	6,871,283
Sales and Services of Educational Departments	2,610,546	2,194,183
Payments to Suppliers	(13,520,695)	(13,825,170)
Payments to Employees for Salaries and Benefits	(29,309,429)	(29,871,754)
Payments for Utilities	(2,148,185)	(1,870,151)
Payments for Scholarships and Fellowships	(3,145,631)	(3,154,254)
Loans Issued to Students and Employees		
Collection of Loans to Students and Employees	761	694
Auxiliary Enterprise Charges:		
Student Housing	3,730,666	3,626,829
Food Services	3,050,730	2,875,280
Bookstore	1,131,902	1,297,403
Athletics		
Other Auxiliary Enterprises	1,565,207	1,392,057
Patient Care Services		
Interest Earned on Loans to Students		
Other Receipts	1,452,543	1,205,275
Other Payments		
	<u>                    </u>	<u>                    </u>
<b>Net cash used by operating activities</b>	<b>(22,749,049)</b>	<b>(24,913,922)</b>
<b>Noncapital financing activities:</b>		
State Appropriations	16,917,683	17,754,870
Gifts and Grants for Other Than Capital Purposes;	9,536,691	9,953,292
Private Gifts for Endowment Purposes	9,843	
Federal Loan Program Receipts	18,920,384	18,096,687
Federal Loan Program Disbursements	(18,920,384)	(18,096,687)
Other Sources		
Other Uses		
	<u>                    </u>	<u>                    </u>
<b>Net cash provided by noncapital financing activities</b>	<b>26,464,217</b>	<b>27,708,162</b>
<b>Capital and related financing activities:</b>		
Proceeds from Capital Debt		17,598,814
Cash Paid for Capital Assets	(287,926)	(392,407)
Capital Appropriations Received		
Capital Grants and Contracts Received		
Proceeds from Sales of Capital Assets		
Principal Paid on Capital Debt and Leases	(453,690)	(16,260,000)
Interest Paid on Capital Debt and Leases	(1,318,242)	(1,167,278)
Other Source		(337,947)
Other Uses		
	<u>                    </u>	<u>                    </u>
<b>Net cash used by capital and related financing activities</b>	<b>(2,059,858)</b>	<b>(558,818)</b>



**STATEMENT OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Investing activities:</b>		
Proceeds from Sales and Maturities of Investments	5,550,584	611,685
Interest Received on Investments	275,619	17,902
Purchases of Investments	(5,104,569)	(1,091,653)
	<u>721,634</u>	<u>(462,066)</u>
<b>Net cash used by investing activities</b>		
	<b>2,376,944</b>	<b>1,773,356</b>
<b>Net change in cash and cash equivalents</b>		
	<b>10,646,817</b>	<b>8,873,461</b>
<b>Cash and cash equivalents - beginning of year</b>		
	<b>\$ 13,023,761</b>	<b>\$ 10,646,817</b>
<b>Cash and cash equivalents - end of year</b>		
	<b>\$ 13,023,761</b>	<b>\$ 10,646,817</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (27,858,925)	\$ (27,951,624)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,337,693	2,518,663
Self-insured claims expense		
Bad debt expense	344,330	341,375
Other	(3,712,911)	(432,056)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(746,845)	(170,317)
Inventories	(75,871)	79,640
Prepaid Expenses	(42,972)	41,567
Other Assets	(447,120)	(2,489,780)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	(64,475)	(114,142)
Deferred Revenue	548,515	17,020
Deposits Refundable	(102)	(962)
Accrued Leave Liability	(8,282)	314,511
Loans to Students and Employees		
Other Liabilities	6,977,916	2,932,183
	<u>5,109,876</u>	<u>3,037,702</u>
<b>Total Adjustments</b>		
	<b>\$ (22,749,049)</b>	<b>\$ (24,913,922)</b>
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	13,023,761	10,646,817
Noncurrent assets - restricted cash and cash equivalents		
Cash and cash equivalents - end of year	<u>\$ 13,023,761</u>	<u>\$ 10,646,817</u>



**STATEMENT OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>ENTER NON-CASH TRANSACTIONS BELOW: (See GASB #9)</b>		
1) State Appropriations Restricted for Capital Purposes	\$ 2,274,869	\$ 6,447,400
2) Unrealized Gain/(Loss) on Fair Value of Investments	127,100	116,894
3) Donation of Capital Assets		
4) Bureau of Buildings and Grounds Construction-in-Progress	24,263,772	23,667,655
5) Capital Assets Transferred from another Mississippi State Agency		
6) New Capital Leases		
7) Provision for Bad Debts	344,330	341,375
8) Capital Assets Acquired from Capital Leases	-	407,504





**Note 1: Summary of Significant Accounting Policies**

**Nature of Operations** - Mississippi Valley State University, as a Carnegie Classified Master's University, provides comprehensive undergraduate and graduate programs in education, the arts and sciences, and professional studies. The University is driven by its commitment to excellence in teaching, learning, service, and research – a commitment resulting in a learner-centered environment that prepares critical thinkers, exceptional communicators, and service-oriented, engaged, and productive citizens. MVSU is fundamentally committed to positively impacting the quality of life and creating extraordinary educational opportunities for the Mississippi Delta and beyond.

**Reporting Entity** - Established by the Mississippi Legislature as Mississippi Vocational College in 1946, the initial mission was to train teachers for rural and elementary schools and to provide vocational training to inhabitants of the Mississippi Delta. Groundbreaking ceremonies were held on February 19, 1950 and the college opened that summer. The name of the institution was changed to Mississippi Valley State College in 1964 and Mississippi Valley State University in 1974.

Mississippi Valley State University is a component unit of the State of Mississippi and is included in the general purpose financial statements of the State of Mississippi Institutions of Higher Learning.

Mississippi Valley State University has established its own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of this corporation is for the acquisition, construction, and equipping of facilities and land for the University. In accordance with Governmental Accounting Standards Board Statement Number 14, this educational building corporation is deemed a component unit of the State of Mississippi Institutions of Higher Learning and is included as a blended component unit in the general purpose financial statements.

**Auxiliary Enterprise Activities** - The University operates auxiliary enterprises to provide goods and services primarily for the benefit of its students, faculty and staff. Auxiliary enterprises are managed as self-supporting business activities. Auxiliary enterprises include residence halls, food services, bookstore, convenience store, laundry and faculty and staff housing. Sales and services to the general public are minimal.

**Income Taxes** - Each Mississippi public institution of higher learning is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, they are generally not subject to federal and state income taxes. However, these



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

institutions do 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 an 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.

**Basis of Presentation** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic 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 Colleges and Universities*, issued in June and November 1999, respectively. The University now follows the "business-type activities" reporting requirements of GASB Statement 34 that provides a comprehensive one-line look at the financial activities of the University.

**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 a contractual obligation to pay. All significant intra-agency 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 statements of revenues, expenses, and changes in net assets. Investments for which there are no quoted market prices are not material.

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



**Note 1: Summary of Significant Accounting Policies (Continued)**

**Inventories** - Inventories consist of items stocked for bookstore, physical plant and central stores. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (“FIFO”) basis or the average cost basis.

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

**Non-current 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 non-current assets, are classified as non-current 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 expenses are 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.

**Art Objects and Collections** – Occasionally, the University may obtain collections of art or historical treasures (usually as private donations to the institution). These may be held for public exhibition, education or research. Gift values of such donations are determined based on reports from certified appraisers, cost or some other recognized methods, as appropriate. The University is not required to capitalize these collections and, as such, the value of such art objects and collections are not included in these financial statements.



**Note 1: Summary of Significant Accounting Policies (Continued)**

**Accounts Payable and Accrued Liabilities** - Consist of amounts owed to vendors, contractors, or accrued items such as interest, wages, and salaries. Accounts payable and accrued liabilities as of June 30, 2017 and 2016 are as follows:

	2017	2016
Payable to vendors and contractors	\$ 974,439	\$ 926,157
Accrued salaries, wages and employee withholdings	850,495	963,252
Total	\$ 1,824,934	\$ 1,889,409

**Unearned Revenues** – Deferred revenues include amounts received that have not been earned under the terms of the agreement. Unearned summer school tuition and other revenue totaled \$706,139 and \$157,624 as of June 30, 2017 and 2016, respectively. All amounts should be considered current and thus the revenue will be fully recognized within one year.

**Deposits Refundable** – The University collects good faith deposits from faculty and staff that reside in on campus housing. Refunds, net of damage and cleaning fees, are refunded to faculty and staff when campus housing is vacated.

**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 fifteen years of service; and from fifteen 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, employees are paid for up to 240 hours of accumulated 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 fifteen years of service; and from fifteen years of service and over, 16 hours per month are earned. There is no limit on the accumulation of major medical leave. At retirement, 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.



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts for accrued compensated absences, pension, 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.

**Classification of Revenues** - The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues and expenses:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances and bad debt expense, (2) sales and services education services and auxiliary enterprises (net of scholarship discounts and allowances), (3) Federal, state and local grants and contracts (non-Title IV financial aid) and Federal appropriations, if any, (4) interest on institutional student loans and other revenues. Gifts (pledges) that are received on an installment basis are recorded at net present value. 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 expenses include (1) employee compensation, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, commodities (supplies) and contractual services; (4) professional fees; and (5) depreciation expenses related to certain capital assets.

*Non-operating revenues and expenses:* Non-operating revenues have the characteristics of non-exchange transactions. Non-operating revenues include activities that have the characteristics of non-exchange transactions, including state appropriation for operations and capital uses, federal grants for financial aid, gifts, investment income, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34. Interest expense is reported as non-operating.





**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Scholarship Discounts and Allowances** - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). 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 students in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

**Net Assets** - GASB No. 34 reports equity as “Net Assets” rather than “Fund Balance.” Net assets are 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.

The Unrestricted Net Assets of the University include certain amounts which have been designated for financial resource utilization in future periods. Unrestricted net assets include designations as of June 30, 2017 and 2016 which follows:

	2017	2016
Reserves held for inventories	\$ 550,084	\$ 474,213
Reserves held for prepaid expenses	69,201	26,229
Auxiliary operations	6,868,138	5,753,425
Designated	1,841,679	1,311,718
Pension	(36,202,799)	6,239,390
Remaining purposes	6,943,899	(33,427,837)
Total	\$ (19,929,798)	\$ (19,622,862)



**Note 2: Reclassifications**

There were no reclassifications in FY 2017 for FY 2016.

**Note 3: Cash and Investments**

**Policies - Cash and Short-term Investments -** Investment policies for cash and short-term investments as set forth by IHL 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 endowment of the University are included in non-current investments.

The collateral for public entities deposits in financial institutions is 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 funds of the University 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. Investment policies, as set forth by the Board of Trustees policy, and state statute also authorize the University to invest in equity securities, bonds, and other securities. Investments are reported at fair market value.

**Fair Value Measurement-**Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:



Notes to Financial Statements  
For Year Ended June 30, 2017

Note 3: Cash and Investments (continued)

- 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.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2017 and 2016:

	2017			Total
	Level 1	Level 2	Level 3	
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ 3,346,044			\$ 3,346,044
Corporate bonds	144,000			144,000
Certificates of deposit	869,874			869,874
Other fixed income securities	442,760			442,760
Total fixed income	<u>4,802,678</u>	<u>-</u>	<u>-</u>	<u>4,802,678</u>
Equities:				
Common stocks	358,514			358,514
Common stock funds				-
Mutual funds	992,009			992,009
Index funds				-
Total equities	<u>1,350,523</u>	<u>-</u>	<u>-</u>	<u>1,350,523</u>
Hedge funds				
Venture capital				
Other short-term investments	338,513			338,513
Total investments	<u>\$ 6,491,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,491,714</u>



Notes to Financial Statements  
For Year Ended June 30, 2017

Note 3: Cash and Investments (continued)

	2016			Total
	Level 1	Level 2	Level 3	
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ 4,087,040			\$ 4,087,040
Corporate bonds	160,902			160,902
Certificates of deposit	869,439			869,439
Other fixed income securities	341,346			341,346
Total fixed income	5,458,727	-	-	5,458,727
Equities:				
Common stocks	284,341			284,341
Common stock funds				-
Mutual funds	932,686			932,686
Index funds				-
Total equities	1,217,027	-	-	1,217,027
Hedge funds				
Venture capital				
Other short-term investments	134,875			134,875
Total investments	\$ 6,810,629	-	-	\$ 6,810,629

**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. The University had investments with interest rate risk as of June 30, 2017 which are as follows:

Investment type	Fair value	Years to maturity			
		Less than 1	1 to 5	6 to 10	More than 10
U. S. Government securities	\$ 3,346,044	\$ 1,113,548	\$ 977,160	\$ 248,290	\$ 1,007,046
Corporate bonds and notes	144,000	144,000			-
Domestic bond mutual funds	156,794	156,794			-
International bond mutual funds	40,559	40,559			-
Total	\$ 3,687,397	\$ 1,454,901	\$ 977,160	\$ 248,290	\$ 1,007,046



**Notes to Financial Statements**  
**For Year Ended June 30, 2017**

**Note 3: Cash and Investments (continued)**

**Credit Risk** - The State of Mississippi Institutions of Higher Learning System does not have a formal investment policy that addresses credit risk. As of June 30, 2017, the University had the following investment credit profile:

Investment type	Fair value	Credit risk ratings					Rating not available
		Aa1	Aaa	A1	A2	A3	
U. S. Government securities	\$3,346,044		\$977,160				\$2,368,884
Domestic bond mutual funds	156,794						156,794
International bond mutual funds	40,559						40,559
Corporate bonds and notes	144,000	\$ 7,296		\$46,766	\$14,353	\$28,835	46,750
<b>Total</b>	<b>\$3,687,397</b>	<b>\$ 7,296</b>	<b>\$977,160</b>	<b>\$46,766</b>	<b>\$14,353</b>	<b>\$28,835</b>	<b>\$2,612,987</b>

**Concentration of Credit Risk** - Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University had the following investments that represent more than 5 percent of net investments as of June 30, 2017.

Issuer	Fair value	Percentage
U.S. government obligation bond mutual fund	\$ 3,346,044	52%
Domestic mutual funds	1,226,762	19%
Domestic equity securities	358,514	6%
Regions certificate of deposit	869,874	13%

**Note 4: Accounts Receivable**

Accounts receivable at June 30, 2017 and 2016 are as follows:

Type of Receivable	2017	2016
Student fees	\$ 9,155,967	\$ 8,837,114
State appropriation	1,070,427	754,990
Grants and contracts	1,156,266	748,536
Employees	2,994	3,755
Other	210,466	160,550
Total accounts receivable	11,596,120	10,504,945
Less: bad debt provision	(7,274,845)	(6,930,515)
<b>Net accounts receivable</b>	<b>\$ 4,321,275</b>	<b>\$ 3,574,430</b>



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 5: Note Receivable from Students**

The Perkins Loan Program was liquidated during FY 2010.

**Note 6: Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions/ Transfers	Balance June 30, 2017
<b>Non-Depreciable Assets</b>				
Land	\$ 47,500			\$ 47,500
Construction in progress	23,667,655	\$ 2,214,108	\$ (1,617,991)	24,263,772
Total non-depreciable capital assets	23,715,155	2,214,108	(1,617,991)	24,311,272
<b>Depreciable Capital Assets</b>				
Improvements other than buildings	20,270,850	139,324		20,410,174
Buildings	92,562,399	1,478,666		94,041,065
Equipment	8,453,800	333,214	(658,703)	8,128,311
Library books	6,660,956	15,473		6,676,429
Total depreciable assets	127,948,005	1,966,677	(658,703)	129,255,979
Total capital assets	151,663,160	4,180,785	(2,276,694)	153,567,251
<b>Less: Accumulated Depreciation</b>				
Improvements other than buildings	8,522,037	557,240		9,079,277
Buildings	26,926,076	1,520,037		28,446,113
Equipment	7,278,124	225,154	(600,312)	6,902,966
Library books	6,538,658	35,262		6,573,920
Total accumulated depreciation	49,264,895	2,337,693	(600,312)	51,002,276
Net capital assets	\$ 102,398,265	\$ 1,843,092	\$ (1,676,382)	\$ 102,564,975

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful life, salvage values, and capitalization thresholds are used to compute depreciation.

Capital assets	Estimated	Salvage value	Capitalization
Buildings	40 Years	20%	\$ 50,000
Improvements other than buildings	20 Years	20%	25,000
Equipment	3 - 15 Years	1 - 10%	5,000
Library books	10 Years	0%	0





Notes to Financial Statements  
For Year Ended June 30, 2017

Note 7: Long-term Liabilities

Long-term liabilities of the University which consist of bonds payable and certain other liabilities expected to be liquidated within one year from June 30, 2017 are as follows:

	Date of issue	Maturity date	Interest rate	Principal interest date	Original issue	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017	Due within 1 year
Bonded debt and capital lease:										
Education Building Corporation '07	3/1/2007	3/1/2022	4.0%	Mar 1/Sept 1	\$ 19,015,000	\$ 1,260,000		375,000	885,000	170,000
Education Building Corporation '15	9/30/2016	6/30/2037	2.0%	July 1/Jan 30	17,270,000	17,270,000			17,270,000	85,000
Capital lease	5/19/2016	4/10/2021	2.25%	Oct 10/Apr 10	407,504	407,504	-	78,690	328,814	79,466
Total Bond Debt					\$ 36,692,504	18,937,504	-	453,690	18,483,814	334,466
Other Long-term Liabilities:										
Accrued leave liability						1,912,061		8,282	1,903,779	247,304
Deposit refundable						30,689		102	30,587	-
Total other long-term liabilities						1,942,750	-	8,384	1,934,366	247,304
Total						\$ 20,880,254	\$ -	462,074	20,418,180	581,770
Due within one year									(581,770)	
Total long-term liabilities									\$ 19,836,410	

Annual requirements to amortize outstanding long-term liabilities are as follows:

Fiscal year	Bonded debt principal	Total interest	Total principal and interest
2018	\$ 255,000	\$ 595,106	\$ 850,106
2019	585,000	586,606	1,171,606
2020	625,000	571,306	1,196,306
2021	675,000	555,206	1,230,206
2022	725,000	537,906	1,262,906
2023-2027	3,385,000	2,401,155	5,786,155
2028-2032	4,915,000	1,800,031	6,715,031
2033-2037	6,990,000	807,251	7,797,251
Total	\$ 18,155,000	\$ 7,854,567	\$ 26,009,567

Fiscal year	Capital lease principal	Total interest	Total principal and interest
2018	\$ 79,466	\$ 6,954	\$ 86,420
2019	81,264	5,156	86,420
2020	83,102	3,137	86,239
2021	84,982	1,437	86,419
Total	\$ 328,814	\$ 16,684	\$ 345,498



Notes to Financial Statements  
For Year Ended June 30, 2017

**Note 8: Operating Leases**

Lease expenses totaled \$62,377 and \$68,571 for the fiscal years ending June 30, 2017 and 2016.

**Note 9: Natural Classifications with Functional Classifications**

Operating expenses by functional classifications for the fiscal years ended June 30, 2017 and 2016 are as follows:

2017									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 8,948,587	4,514,879	273,103	856,241	1,062	89,011	400,528	-	15,083,411
Research	12,450	3,164	-	2,288	-	-	173,867	-	191,769
Public service	1,263,791	601,512	107,071	631,404	-	11,989	197,231	-	2,812,998
Academic support	1,415,898	731,016	62,674	1,034,809	-	-	127,166	-	3,371,563
Student services	2,742,549	1,354,834	872,713	932,002	2,450	19,047	633,725	-	6,557,320
Institutional support	3,404,257	1,617,969	187,310	832,741	2,875	7,975	225,245	-	6,278,372
Physical plant	1,935,527	1,052,584	2,503	3,738,726	1,376,604	-	729,896	-	8,835,840
Student aid	526,158	-	-	29,097	-	3,017,609	135,050	-	3,707,914
Auxiliary enterprises	1,183,561	662,898	8,262	279,652	765,194	-	1,040,364	-	3,939,931
Depreciation expense								2,337,693	2,337,693
Total	\$ 21,432,778	10,538,856	1,513,636	8,336,960	2,148,185	3,145,631	3,663,072	2,337,693	53,116,811

2016									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 8,993,977	3,639,879	274,114	1,129,294	4,782	87,535	409,912	-	14,539,493
Research	11,250	1,401	122	2,111	-	-	2,640	-	17,524
Public service	1,541,151	598,619	122,213	673,042	-	15,588	413,507	-	3,364,120
Academic support	1,347,075	557,853	80,010	1,166,951	-	-	163,330	-	3,315,219
Student services	2,673,518	1,055,968	744,625	993,875	2,450	6,034	512,521	-	5,988,991
Institutional support	3,625,491	1,401,008	242,641	715,691	5,500	8,772	380,429	-	6,379,532
Physical plant	1,980,583	888,432	2,921	928,966	1,194,166	-	729,285	-	5,724,353
Student aid	638,066	-	-	65,932	-	3,036,325	122,491	-	3,862,814
Auxiliary enterprises	1,215,758	563,819	4,051	2,656,774	663,253	-	1,258,464	-	6,362,119
Depreciation expense								2,518,663	2,518,663
Total	\$ 22,026,869	8,706,979	1,470,697	8,332,636	1,870,151	3,154,254	3,992,579	2,518,663	52,072,828



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 10: Construction Commitments and Financing**

The University has contracted for various construction projects as of June 30, 2017. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

Construction projects	Cost to complete	Funded by		
		State sources	Institutional funds	Other (private)
Academic skills parlor	\$ 3,797,244	\$ 3,797,244		
Edna Horton	8,476,080	8,476,080		
College hall I	7,250,000	7,250,000		
Total	\$ 19,523,324	19,523,324	-	-

**Note 11: Pension and Other Employee Benefit Plans**

Mississippi Valley State University participates in the following separately administered plans maintained by the Public Employees' Retirement System of Mississippi (PERS):

Plan type	Plan name
Multiple-employer, defined benefit	PERS Defined Benefit Plan
Multiple-employer, defined contribution	Optional Retirement Plan (ORP) Defined Contribution Plan

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2016 and 2015 for fiscal years 2017 and 2016, respectively.

The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the funds are to be accumulated from employee contributions, participating entity contributions, and income from the investment of accumulated funds. The plans are administered by separate board of trustees.

Information included within this note is based on the certification provided by consulting actuary, Cavanaugh Macdonald Consulting, LLC.



**Note 11: Pension and Other Employee Benefit Plans (continued)**

A stand-alone audited financial report is issued for the Plans and can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

**Disclosure under GASB 68**

The pension disclosures that follow for fiscal years 2017 and 2016 include all disclosures for GASB 68 using the latest valuation reports available (June 30, 2016). For fiscal year 2017, the measurement date for the PERS defined benefit plan is June 30, 2016. For fiscal year 2016, the measurement date for the PERS defined benefit plan is June 30, 2015. The University is presenting net pension liability as of June 30, 2016 and 2015 for the fiscal year 2017 and 2016 financials, respectively.

**(a) PERS Defined Benefit Plan**

***Plan Description***

The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in PERS, and elected members of the State Legislature and the President of the Senate. PERS administers a cost-sharing, multiple-employer defined benefit pension plan. PERS is administered by a 10-member Board of Trustees that includes the State Treasurer, one gubernatorial appointee who is a member of PERS, two state employees, two PERS retirees, and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent.

***Membership and Benefits Provided***

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the board of trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 11: Pension and Other Employee Benefit Plans (continued)**

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0% compounded for each fiscal year thereafter.

***Contributions***

Plan provisions and the board of trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi legislature.

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9% of their annual pay. The institution's contractually required contribution rate for the years ended June 30, 2017 and 2016 was 15.75% for each year of annual payroll. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members



**Note 11: Pension and Other Employee Benefit Plans (continued)**

during the year; and an amount for amortization of the unfunded actuarial accrued liability. For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20% of a year's excess or shortfall of expected return recognized each year for five years. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0% cost-of-living increase calculated according to the terms of the respective plan. Contributions from the University are recognized when legally due, based on statutory requirements.

***Employer Contributions***

Mississippi Valley State University's contributions to PERS for the years ended June 30, 2017 and 2016 were \$2,552,721 and \$2,522,492, respectively. The University's proportionate share was calculated on the basis of historical contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocation on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the University that are not representative of future contribution effort are excluded in the determination of employer's proportionate share. Examples of employer contributions not representative of future contribution efforts are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

The following table provides the institution's contributions used in the determination of its proportionate share of collective pension amount reported:

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS Defined Benefit:			
2017	\$ 2,522,492	0.250355 %	0.006112 %
2016	2,403,278	0.244243	-0.012146

***Long-term Expected Rate of Return***

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





Notes to Financial Statements  
For Year Ended June 30, 2017

**Note 11: Pension and Other Employee Benefit Plans (continued)**

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. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
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)
	100.00	

***Net Pension Liability***

Mississippi Valley State University's proportion of the net pension liability at June 30, 2017 and 2016 is as follows:

Plan	Proportion of net pension liability	Proportionate share of net pension liability
PERS Defined Benefit:		
2017	0.250355 %	\$ 44,719,677
2016	0.244243	37,755,185

***Discount rate***

For the years ended June 30, 2017 and 2016, the discount rate used to measure the total pension liability was 7.75%. 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%) for the years ended June 30, 2017 and 2016. Based on those assumptions, the pension plan's fiduciary net position was projected



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 11: Pension and Other Employee Benefit Plans (continued)**

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.

***Sensitivity of Net Pension Liability to Changes in the Discount Rate***

The following tables present Mississippi Valley State University’s proportionate share of the net pension liability of the cost-sharing plan for 2017 and 2016, calculated using the discount rate of 7.75%, as well as what the University’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:

	<b>1% Decrease (6.75%)</b>	<b>Current discount rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Mississippi Valley State University proportionate share of net pension liability			
2017	\$ 57,340,653	\$ 44,719,677	\$ 34,248,359
2016	49,764,753	37,755,185	27,789,434

***Actuarial Assumptions and Methods***

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The latest experience study was performed after the June 30, 2016 valuation was complete; it covers the four-year period from July 1, 2012 to June 30, 2016 and was issued on April 18, 2017.



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 11: Pension and Other Employee Benefit Plans (continued)**

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Valuation date	June 30, 2016	June 30, 2015
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Inflation rate	3.00 %	3.00 %
Salary increases	3.75	3.75
Investment rate of return	7.75	7.75

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.

***Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

For the years ended June 30, 2017 and 2016, Mississippi Valley State University's proportionate share of pension expense was \$5,503,807 and \$3,591,747, respectively, related to the PERS defined benefit plan. Deferred outflows of resources were related to differences between expected and actual experience, differences between projected and actual investment earnings and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



Notes to Financial Statements  
For Year Ended June 30, 2017

Note 11: Pension and Other Employee Benefit Plans (continued)

2017								
Deferred outflows					Deferred inflows			
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	Net difference between projected and actual investment earnings on pension plan investments	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investments	Changes of assumptions	Total deferred inflows of resources
\$ 1,241,361	2,056,715	1,148,154	2,518,436	3,533,788	10,498,454	1,862,743	118,834	\$ 1,981,577
2016								
Deferred outflows					Deferred inflows			
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	Net difference between projected and actual investment earnings on pension plan investments	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investments	Changes of assumptions	Total deferred inflows of resources
\$ 891,877	3,252,479	129,325	2,491,943	-	6,765,624	2,438,277	-	\$ 2,438,277

Contributions subsequent to the measurement date of \$2,518,436 and \$2,491,943 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the years ended June 30, 2017 and 2016, respectively.

Other amounts reported as net deferred outflows of resources and net deferred inflows of resources related to pensions as of June 30, 2017, will be recognized in pension expense as follows:

Deferred Outflow of Resources Year Ended June 30						
2018	2019	2020	2021	2022	Thereafter	Total
\$ 2,293,109	2,293,109	2,293,109	1,100,691	-	-	\$ 7,980,018
Deferred Inflow of Resources Year Ended June 30						
2018	2019	2020	2021	2022	Thereafter	Total
\$ 396,315	396,315	396,315	396,315	396,317	-	\$ 1,981,577



**Note 11: Pension and Other Employee Benefit Plans (continued)**

**(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 of Mississippi Valley State University 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 IHL System 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 IHL System are identical to that of the PERS defined contribution plan.

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. Mississippi Valley State University's contributions to the ORP for the years ended June 30, 2017 and 2016 were \$112,349 and \$124,420, respectively, which equaled its required contribution for the period.



Notes to Financial Statements  
For Year Ended June 30, 2017

Note 11: Pension and Other Employee Benefit Plans (continued)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Net Pension Liability  
For the years ended June 30

	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated Covered-employee payroll provided by PERS	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 Valley State University:					
2015	0.26%	31,120,964	15,666,711	199.00%	67.00%
2016	0.24%	37,755,185	15,258,908	247.43%	61.70%
2017	0.25%	44,719,677	16,015,822	279.22%	57.47%

Schedule of Proportionate Share of Contributions  
For the years ended June 30

	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered-employee payroll
Mississippi Valley State University:					
2015	2,384,644	(2,384,644)	-	15,140,597	15.75%
2016	2,491,943	(2,491,943)	-	15,821,863	15.75%
2017	2,518,436	(2,518,436)	-	15,990,070	15.75%

Notes to Required Supplementary Information (Unaudited)

June 30, 2017

(1) Schedule of Proportionate Share of Net Pension Liability

This schedule presents historical trend information about Mississippi Valley State 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. Information related to previous years is not available, therefore, trend information will be accumulated to display a ten-year presentation.

(2) Schedule of Proportionate Share of IHL System's Contributions

The required contributions and percentage of those contributions actually made are presented in the schedule. Trend information will be accumulated to display a ten-year presentation.

(3) Changes in Assumptions and Benefit Terms

*Changes of assumptions:* In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

*Changes of benefit terms:* Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.





**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 12: Donor Restricted Endowments**

Donor restricted endowments were \$813,914 for the fiscal years ended June 30, 2017 is reported in the accompanying statement of net position as "net assets – non-expendable for scholarships and fellowships". During fiscal year 2017 the restriction on a donor restricted endowments totaling \$1,133,768 were released and accordingly reclassified to "net assets – unrestricted".

Most endowments operate on the total-return concept as permitted by the Uniform Management of Institutional Funds Act (Sections 79-11-601 through 79-11-617, MS Code, Ann. 1972) as enacted in 1998. The annual spending rate for these endowments is 5% of the three-year moving average market value.

**Note 13: Federal Direct Lending and FFEL Programs**

In 2013, the University began participating in the Federal Direct Loan Program. The University distributed \$18,920,384 and \$18,096,687 student loans for the fiscal years ended June 30, 2017 and 2016 from 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 14: Foundations and Affiliated Parties**

The Mississippi Valley State University Foundation, Inc. is a private non-profit organization dedicated to the growth, development, and enhancement of the University, its faculty, staff, and students with special emphasis on academic quality, through the solicitation, professional management, and prudent distribution of invested funds and other gifts derived from private sources. The foundation is separately audited and has not been included in these financial statements.

**Note 15: Risk Management**

Several types of risk are inherent in the operation of an institution of higher learning. There are several methods in which the institution can handle the risks. One of these methods is the pooling of resources among the institutions. Mississippi Valley State University and the remaining seven public universities, as well as the Executive Office of the Mississippi Board of Trustees have pooled their resources to establish professional and general liability trust funds. Funds have been established for Workers' Compensation, Unemployment, and Tort Liability.



**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 15: Risk Management (continued)**

The Workers' Compensation program provides a mechanism for the institutions to fund and budget for the costs of providing worker compensation benefits to eligible employees. The Program does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. The payments by the University to the Workers' Compensation fund totaled \$391,452 and \$391,209 for the fiscal years ended June 30, 2017 and 2016.

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Fund. The Fund does not pay benefits directly to former employees. The Fund reimburses the Mississippi Employment Security Commission for benefits that the Commission pays directly to former employees. The payments by the University to the Unemployment Trust Fund totaled \$149,087 and \$164,846 for the fiscal years ended June 30, 2017 and 2016, respectively.

The Tort Liability Fund was established in accordance with Section 11-46 of Mississippi State Law. The Mississippi Tort Claims Board has authorized the Board of Trustees of State Institutions of Higher Learning (IHL Board) to establish a fund in order to self-insure certain portion of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum liability limit of \$500,000 per occurrence is currently permissible. The IHL Board has authorized the Tort Liability fund to acquire an educator's legal liability policy with a deductible of \$1,000,000. Further, the IHL Board has designated that \$1,000,000 be reserved from the IHL Tort Liability Fund Net Assets to be used towards any future payment of this insurance deductible. The IHL Tort Liability claims pool also purchases insurance premiums for fleet automobile policies and blanket public officials bond annually. The share of the annual payments to the Fund and the various insurance premiums by the University totaled \$175,047 and \$168,944 for fiscal years ended June 30, 2017 and 2016, respectively.

**Note 16: Contingent Liabilities**

The University is party to various lawsuits arising out of the normal course of operations. In the opinion of University management, the ultimate resolution of these matters will not have a material adverse impact on the financial position of the University.



**MISSISSIPPI VALLEY STATE**  
UNIVERSITY

**Notes to Financial Statements  
For Year Ended June 30, 2017**

**Note 17: Sub-Recipients**

The University did not provide federal awards to sub-recipients for the fiscal year ended June 30, 2017.

**Note 18: Subsequent Events**

There have been no events subsequent to June 30, 2017 which would materially affect the financial statements as presented.