



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Financial Statements with Additional Information  
and Reports Required by OMB Circular A-133

June 30, 2011 and 2010

(With Independent Auditors' Reports Thereon)

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

June 30, 2011 and 2010

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## Independent Auditors' Report

Board of Trustees  
State of Mississippi Institutions of Higher Learning:

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2011, which collectively comprise the IHL System's basic financial statements as listed in the table of contents. We have also audited the accompanying financial statements of the business-type activities of the IHL System, a component unit of the State of Mississippi, as of and for the year ended June 30, 2010. These financial statements are the responsibility of the IHL System's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund.

Those financial statements, which reflect approximately 8.5% and 8.9%, and 2.2% and 1.8%, of the assets and revenues, respectively, of the IHL System's business-type activities as of and for the years ended June 30, 2011 and 2010, were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned entities/funds, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinions.

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The 2010 financial statements referred to in the first paragraph do not include financial data for the IHL System's aggregate discretely presented component units as of and for the year ended June 30, 2010, which U.S. generally accepted accounting principles require to be reported with the financial data of the IHL System's business-type activities. As a result, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the IHL System, as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. In accordance with U.S. generally accepted accounting principles, the IHL System has issued separate reporting entity financial statements, for which we have issued our report thereon dated December 6, 2010.

In our opinion, based on our audit and the reports of the other auditors, the 2011 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the IHL System as of June 30, 2011, and the respective changes in its financial position, and where applicable, its cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles. Also, in our opinion, based on our audit and the reports of the other auditors, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the IHL System as of June 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the IHL System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 18 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's 2011 basic financial statements. The accompanying 2011 combining supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Jackson, Mississippi  
December 12, 2011

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010



## Introduction

The Board of Trustees of Mississippi's Institutions of Higher Learning (IHL System) governs the State's public four year institutions. The Constitutional Governing Board was created in 1943 for the purpose of overseeing and directing Mississippi's eight public universities including the University of Mississippi Medical Center, various off-campus centers and multiple research institutes located throughout Mississippi.

The institutions serve approximately 77,000 students with an employee base just over 25,000 individuals. Faculty makes up approximately 5,300 of the total employee count. The system offers over 800 degrees and graduates approximately 15,000 students each year.

In addition to regular operations, each university has established its own educational building corporation (EBC) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is to provide a means to acquire land or buildings, construct or renovate facilities, and/or equip facilities. Governmental Accounting Standards Board (GASB) Statements 14 and 39 deem EBCs to be component units of the IHL System; therefore, they are included as blended component units in the basic financial statements. In addition to EBCs, the IHL System has three additional component units considered significant to the financial statements. The three units were Mississippi State University Foundation, Inc., the University of Mississippi Foundation and the University of Southern Mississippi Foundation. These audited financial statements are discretely presented following the IHL System's financial statements.

These reports were prepared in accordance with GASB Statements 34 and 35, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments* and presents financial data for two fiscal periods – June 30, 2011 and 2010. The IHL System reports as a special purpose government, engaged solely in business-type activities. The section should be read in conjunction with the financial statements and the notes which follow.

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The following is a list of abbreviations used throughout this financial report for the member universities of the IHL System:

ASU	--	Alcorn State University
DSU	--	Delta State University
JSU	--	Jackson State University
MSU	--	Mississippi State University
MUW	--	Mississippi University for Women
MVSU	--	Mississippi Valley State University
UM	--	University of Mississippi
USM	--	University of Southern Mississippi
UMMC	--	University of Mississippi Medical Center
IHL Executive Office	--	Institutions of Higher Learning – Executive Office
MCVS	--	Mississippi Commission for Volunteer Services - Off-campus entity
IHL SYSTEM	--	(Summary of all of the above)

### Overview of the Financial Statements

The IHL System's financial report consists of three sections – Management's Discussion and Analysis, financial statements including notes, and financial statements of the discrete component units. The statements of IHL System's financial statements are Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows and the Statements of Financial Position and Statements of Activities for the discretely presented component units.

### Financial Statements

The financial statements present information for the IHL System as a whole. The Statement of Net Assets presents the financial position of the IHL System at the end of the fiscal year and includes all assets and liabilities for all institutions within the IHL System. The difference between total assets and total liabilities – net assets – is one measure of the IHL System's financial health or position. The change in net assets is a useful indicator of financial health of the System. Over time, increases or decreases in the System's net assets provides a useful trend in assessing whether its financial health is improving. Other non-financial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the IHL System.

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The **Statement of Revenues, Expenses and Changes in Net Assets** presents the operating results of the IHL System, as well as non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the IHL System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Non-operating revenues are received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 24 percent of total IHL System revenues, are classified a non-operating revenue because these revenues are recognized at the state level rather than at the institutional level. This accounting treatment for this revenue classification typically results in the IHL System showing an operating loss. Other typical non-operating revenue sources include gifts, grants and appropriations restricted for capital purposes.

The **Statement of Cash Flows** provides information about the cash sources and uses of the IHL System. Additional information for this statement is provided later in this report.

### **Financial Highlights**

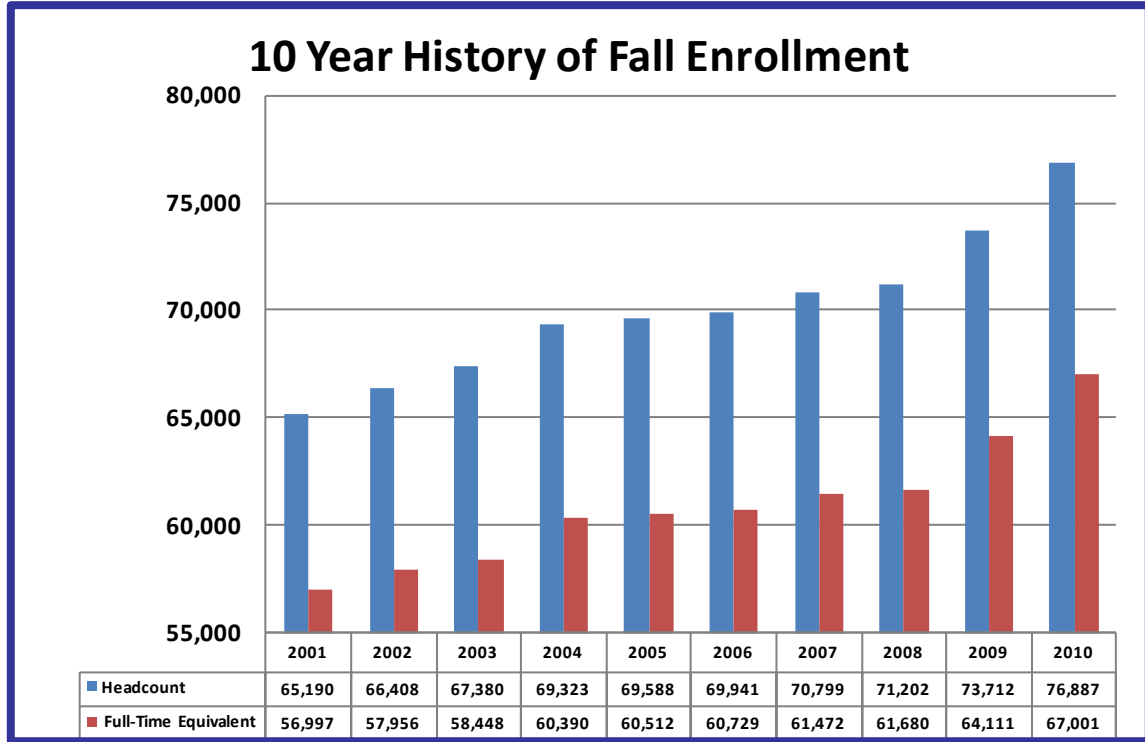
The financial position of the IHL System has shown growth over the last several years. Net assets have increased by \$313.2 million (assets minus liabilities) since June 30, 2009. The main source for this improvement was in the area of capital assets, where the System has experienced a \$300 million plus increase in its capital assets, net of related debt. Most of the institutions have recently undergone, or are in the process of major building projects, especially for student housing. Additional details for these increases are presented later in this report. Unrestricted net assets have also increased \$100.9 million since that time, although restricted net assets have decreased \$105.5 million.

Despite tuition rate increases, enrollment has continued to increase for the IHL System. Full time student enrollment, as well as student headcounts, for the fall 2010 academic term were at an all time high (see chart below). IHL management believes this increase is indicative of the demand for a quality educational product at a reasonable price.

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Management’s Discussion and Analysis (Unaudited)

June 30, 2011 and 2010



While the IHL System’s state appropriated revenues have been reduced the last couple of years, other revenue sources such as student tuition, federal, state and private grants and contracts have remained stable or are even increasing. The IHL System’s efforts to create self-generated funds, control costs, and eliminate expenditures on some non-core essential activities allowed the institutions to generate sufficient resources to meet and sometimes even exceed budgeted goals.

GASB guidance requires that state appropriation revenues be classified as non-operating on the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA). Because of this accounting treatment, the IHL System expects to always show a net operating loss at year-end on the SRECNA. This net operating loss approximated \$863.2 and \$824.8 million for the years ended June 30, 2011 and 2010, respectively. Total operating revenues increased 2.3% in 2011 and 6.0% in 2010, while operating expenses for 2011 and 2010 increased 3.0% and 2.4%, respectively. The accumulated impact of non-operating and other revenues and expenses of the IHL System resulted in a net gain of \$1.01 billion in 2011 and \$986.7 million in 2010. Overall, the IHL System’s net assets increased by \$151.3 million for fiscal year 2011 compared to \$161.9 million for fiscal year 2010.

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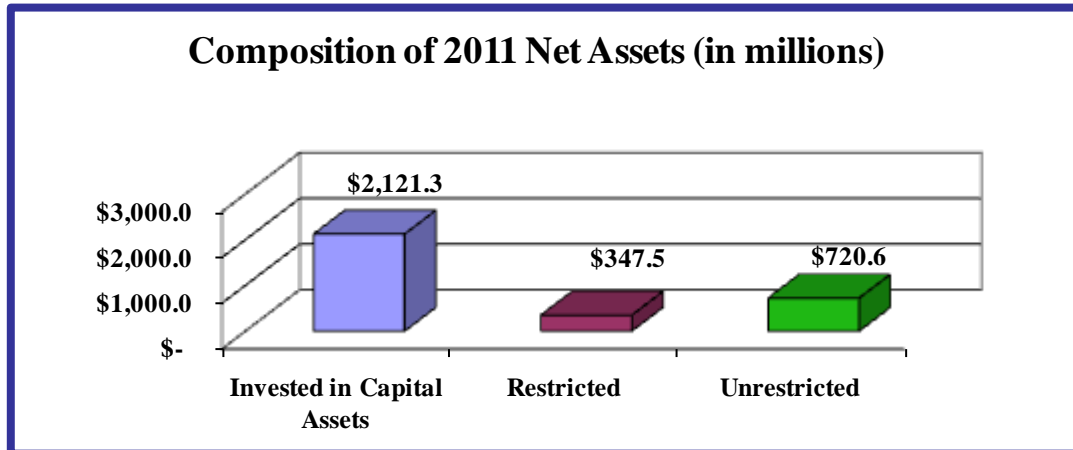
Management's Discussion and Analysis (Unaudited)

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Net assets are divided into three major categories:

- **Invested in capital assets, net of debt** – represents the IHL System's net equity in property, plant and equipment which it owns.
- **Restricted net assets** – represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements.
- **Unrestricted net assets** – represent those assets that are available to the IHL System for any lawful purpose.

Net assets, which represent the residual interest in the IHL System's assets after liabilities are deducted, increased by \$151.3 million (5.0%) from the prior fiscal year to \$3.2 billion in 2011. This compares to an increase of \$161.9 million (5.6%) in 2010 when compared to 2009. Shown below is a chart illustrating the composition of the IHL System's net assets as of June 30, 2011.



Unrestricted net assets as of June 30, 2011 and 2010 equaled \$720.6 million and \$689.2 million, respectively. Over 91% of this total was attributed to four IHL institutions, the University of Mississippi Medical Center, Mississippi State University, the University of Mississippi and the University of Southern Mississippi. As a comparison, at June 30, 2010 total IHL System unrestricted net assets were equal to \$689.2 million.

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<b>Summary of Net Assets (Condensed)</b>					
	As of			Changes Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
<b>Assets</b>					
Current assets	\$ 855,725,714	771,436,873	\$ 794,345,992	-9.8%	3.0%
Capital assets, net	2,497,240,707	2,699,713,429	2,848,085,443	8.1%	5.5%
Other assets	669,588,239	839,380,972	788,995,751	25.4%	-6.0%
Total assets	\$ 4,022,554,660	4,310,531,274	4,431,427,186	7.2%	2.8%
<b>Liabilities</b>					
Current liabilities	\$ 283,426,628	314,325,463	288,086,502	10.9%	-8.3%
Non-current liabilities	862,937,254	958,129,509	953,927,510	11.0%	-0.4%
Total liabilities	\$ 1,146,363,882	1,272,454,972	1,242,014,012	11.0%	-2.4%
<b>Net Assets</b>					
Invested in capital assets, net of debt	\$ 1,803,489,983	1,998,798,858	2,121,333,863	10.8%	6.1%
Restricted - nonexpendable	106,871,262	114,576,372	121,730,506	7.2%	6.2%
Restricted - expendable	346,084,923	235,532,348	225,750,920	-31.9%	-4.2%
Unrestricted	619,744,610	689,168,724	720,597,885	11.2%	4.6%
Total net assets	\$ 2,876,190,778	3,038,076,302	3,189,413,174	5.6%	5.0%

From the data presented, readers of the Statement of Net Assets are able to determine the following:

- the assets available to continue the operations of the IHL System
- the liabilities of the IHL System which include amounts owed to vendors and lending institutions, and
- the net assets that are available for future expenditure by the IHL System

At June 30, 2011 current assets totaled \$794.3 million and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets increased 3.0% (\$22.9 million) from June 30, 2010. Since June 30, 2009, current assets have decreased 7.2%. Cash, cash equivalents, and short-term investments constituted approximately 56% and 58% of current assets as of June 30, 2011 and 2010, respectively, while accounts receivables constituted approximately 37% and 36% of current assets respectively. Approximately 45% and 49% of these net receivable are amounts due from gifts, contracts and grants and the State of Mississippi for appropriations as of June 30, 2011 and 2010, respectively, while 30% (2011) and 31% (2010) were related to patient care receivables from UMMC.

At June 30, 2011, current liabilities equaled \$288.1 million and consisted primarily of accounts payable and accrued liabilities, and deferred revenues. Deferred revenues include advance receipts for athletic ticket sales, summer tuition, fees, and student housing. Current liabilities decreased 8.3% (\$26.2 million) from June 30, 2010.



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Since June 30, 2009 current liabilities have increased 1.6% (\$4.7 million). In more detail, significant decreases were incurred in the areas of accounts payable (\$18.9 million) and deferred revenues (\$3.1 million) by several IHL institutions during 2011.

At June 30, 2011 and 2010, non-current assets totaled \$3.6 billion and \$3.5 billion, respectively, and included capital assets of \$2.8 billion (2011) and \$2.7 billion (2010). Cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$681.4 million at June 30, 2011 and \$720.1 million at June 30, 2010. One other significant non-current asset of the IHL System was student notes receivable which equaled \$98.7 million at June 30, 2011 and \$110.7 million at June 30, 2010. In total, non-current assets increased 2.8% (\$98.0 million) during the past twelve months. Since June 30, 2009, these non-current assets have actually increased 14.8% (\$470.3 million). The majority of this increase has been seen in the accumulation of capital assets of \$350.8 million. Specifically, the IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$493.9 million since June 30, 2009. Additional details about the IHL System's most recent capital asset growth can be seen in the Capital Asset and Debt Administration section of this report.

Non-current liabilities are those liabilities due and payable more than twelve months from year-end (June 30<sup>th</sup>). Non-current liabilities equaled \$953.9 million at June 30, 2011 and \$958.1 million at June 30, 2010. These liabilities have increased 10.5% (or \$91.0 million) since June 30, 2009. The principal reason for this large increase was the incurrence of new bonded debt issues at many of the institutions. In recent years, the IHL System has experienced unparalleled levels of new construction and renovation to its existing facilities. Additional details about the IHL System's most recent capital debt can be seen in the Capital Asset and Debt Administration section of this report. Other non-current liabilities of significance include accrued compensated leave liabilities that will not be paid within the next fiscal year (\$94.7 million at June 30, 2011 and \$88.3 million at June 30, 2010), and non-current portions of unpaid claim liabilities relative to its self-insured programs, and government advance refundable obligations relative to the federal government's Perkins loan program in the event of termination.

Restricted non-expendable net assets equaled \$121.7 million and \$114.6 million at June 30, 2011 and 2010 respectively, and consisted of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to principal. The values of these net assets have increased approximately \$14.9 million or 13.9% since June 30, 2009.

Restricted expendable net assets equaled \$225.8 million and \$235.5 million at June 30, 2011 and 2010, respectively, and consisted of resources that the IHL System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

#### **Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses and Changes in Net Assets (SRECNA) displays information on how the IHL System's assets changed as a result of current year operations. This statement presents the IHL System's revenues received and expenses incurred, as well as any other gains or losses for the fiscal year. Operating revenues and expenses have been revised to give effect for certain eliminations relating to inter-campus transactions among the IHL System institutions.

The IHL System's consolidated SRECNA for the year ended June 30, 2011 indicates a net operating loss of \$863.2 million and compares to a net operating loss of \$824.8 million in 2010. The change from 2010 to 2011

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represents a \$38.3 million overall increase in the annual net operating loss. Since June 30, 2009, the IHL System's annual net operating loss has decreased 0.4% (or \$3.1 million). What this two year change means is that operating revenues have been growing at a slightly slower rate than have operating expenses. The net operating loss does not include the effects of non-operating items such as state appropriated revenues, certain gift or grant revenues, or net investment earnings. A summary of the IHL System's SRECNA for the last three fiscal years is shown below.

	<b>For the Years Ended</b>			<b>Changes Between Years</b>	
	<b>June 30, 2009</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>2009 to 2010</b>	<b>2010 to 2011</b>
Operating revenues	\$ 1,716,514,359	\$ 1,820,332,746	\$ 1,861,842,152	6.0%	2.3%
Operating expenses	2,582,796,084	2,645,178,096	2,725,010,197	2.4%	3.0%
Operating income (loss)	(866,281,725)	(824,845,350)	(863,168,045)	-4.8%	4.6%
Non-operating revenues (expense)	852,763,749	880,985,831	887,168,736	3.3%	0.7%
Income (loss) before other revenues, expenses, gains or losses	(13,517,976)	56,140,481	24,000,691	-515.3%	-57.2%
Other revenues, expenses, gains or losses	141,930,831	105,745,043	127,336,181	-25.5%	20.4%
Increase in net assets	128,412,855	161,885,524	151,336,872	26.1%	-6.5%
Net assets at beginning of the year - restated	2,747,777,923	2,876,190,778	3,038,076,302	4.7%	5.6%
Net assets at the end of the year	\$ 2,876,190,778	\$ 3,038,076,302	\$ 3,189,413,174	5.6%	5.0%

## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

#### Operating Revenues

Operating revenues for the IHL System equaled \$1.9 billion for fiscal year 2011 compared to \$1.8 billion for fiscal year 2010. Operating revenues increased 2.3% (or \$41.5 million) during 2011, and an additional 6.0% (or \$103.8 million) during 2010. Major components of operating revenues are the UMMC patient care revenues (36% in 2011 and 37% in 2010), grants and contracts revenues (26% in 2011 and 27% in 2010), net tuition and fees (22% in 2011 and 20% in 2010), and sales and service revenues from auxiliary activities (10% in 2011 and 10% in 2010). The following table summarizes the IHL System's operating revenues for the past three fiscal years.

	For the Years Ended			Changes Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
	Tuition and Fees (net)	\$ 355,813,578	\$ 368,712,223	\$ 407,959,713	3.6%
Grants and Contracts	495,371,300	491,378,374	485,840,532	-0.8%	-1.1%
Federal Appropriations	14,762,103	13,440,511	12,737,243	-9.0%	-5.2%
Sales and Services of educational departments	47,257,293	52,271,161	53,593,973	10.6%	2.5%
Auxiliary Enterprises (net)	157,195,204	179,515,593	186,754,660	14.2%	4.0%
Patient Care revenues	599,612,765	673,216,880	668,733,613	12.3%	-0.7%
Other	46,502,116	41,798,004	46,222,418	-10.1%	10.6%
<b>Total Operating revenues</b>	<b>\$ 1,716,514,359</b>	<b>\$ 1,820,332,746</b>	<b>\$ 1,861,842,152</b>	<b>6.0%</b>	<b>2.3%</b>

Net tuition and fee revenues increased 10.6% (or \$39.2 million) in fiscal year 2011. All IHL institutions raised their in-state tuition rates during 2011 (on average 6.9%). Non Mississippi residents also paid a higher tuition rate during 2011 (a 5.9% average rate increase). These rate increases, coupled with the positive enrollment growth across the System resulted in substantial tuition revenue increases. In fiscal year 2010, the IHL institutions only raised their non-resident tuition rates and this fact, along with enrollment growth yielded an additional 3.6% (or \$12.9 million) in tuition revenue.

Grants and contracts revenue decreased slightly, 1.1% (or \$5.5 million) during fiscal year 2011. In fiscal year 2010 these revenues also decreased 0.8% (or \$4.0 million).

Patient care revenues at the UMMC continued to dropped off slightly during 2011 (\$4.5 million or 0.7%). This was partly attributable to negative shifts in the medical center's payer mix. In 2010, these same revenues grew substantially by \$73.6 million or 12.3%. Those increases were attributable to large volume increases in patient admissions from 2009 to 2010, as well as general service price hikes and recent software implementation changes resulting in streamlines/efficiencies in the medical center's revenue cycle.

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**Operating Expenses**

Operating expenses for the IHL System totaled \$2.73 billion for fiscal year 2011 compared to \$2.65 billion in 2010. Operating expenses increased 3.0% (or \$79.8 million) during 2011, and an additional 2.4% (or \$62.4 million) during 2010. Personnel costs (including fringe benefits) were the largest expenditure component for the system, representing 58% of the total in both 2011 and 2010. Other major components were contractual service expenses (16% during both years), commodities (10% during both years), and scholarships and fellowship expenditures (6% during both years). The following table summarizes the IHL System’s operating expenses (by major object category) for the past three fiscal years.

By Major Object Category	For the Years Ended			Changes Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
	Salaries and wages	\$ 1,162,961,844	\$ 1,211,246,243	\$ 1,245,544,156	4.2%
Fringe benefits	322,469,156	334,165,951	340,973,191	3.6%	2.0%
Travel	45,546,636	41,633,900	44,944,546	-8.6%	8.0%
Contractual services	456,543,617	434,281,566	428,167,512	-4.9%	-1.4%
Utilities	73,181,756	61,788,107	64,403,486	-15.6%	4.2%
Scholarships and fellowships	134,638,181	164,808,834	174,146,376	22.4%	5.7%
Commodities	265,788,199	275,398,108	285,572,300	3.6%	3.7%
Depreciation	109,528,387	115,971,798	129,645,671	5.9%	11.8%
Other	12,138,308	5,883,589	11,612,959	-51.5%	97.4%
Total Operating expenses	<u>\$ 2,582,796,084</u>	<u>\$ 2,645,178,096</u>	<u>\$ 2,725,010,197</u>	<u>2.4%</u>	<u>3.0%</u>

IHL personnel costs (salaries, wages and fringe benefits) increased 2.7% (\$41.1 million) during 2011. Much of this increase was experienced at the UMMC (\$59.9 million) where the hospital employed over four hundred additional full time employees to better accommodate patient care. A three year analysis of IHL personnel costs will also show that these costs increased 6.8% (or \$101.1 million) since 2009. With the exception of the UMMC’s hospital needs, salary increases in 2011 were generally limited to market adjustments. Scholarships and fellowships expenditures continued to increase in 2011. These costs which take the form of student financial aid awards increased 5.7% (or \$9.3 million). These same costs have grown 29.3% or \$39.5 million since 2009. The increases were partly a response to general tuition rate increases enacted over that period in time, but also reflect a strategy to enhance enrollment growth with the provision of improved institutional and federally sponsored financial aid packages. In an effort to realize greater cost efficiencies, the System institutions have made a concerted effort to reduce contractual services, commodities and travel costs. Since 2009, these costs have decreased \$9.2 million or 1.2%.

As an alternative presentation model, the IHL System’s last three fiscal years worth of operating expenses are shown on the next page by major function category. Functional classifications are the traditional categories that universities have used in the past. These functions represent the types of programs and services that the universities generally provide. For example, funds utilized to compensate a classroom professor or provide classroom materials would be classified as instruction.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

By Function	For the Years Ended			Change Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
	Instruction	\$ 564,371,754	\$ 581,364,784	\$ 575,927,306	3.0%
Research	333,629,057	332,762,585	320,300,032	-0.3%	-3.7%
Public service	174,670,061	161,076,651	152,852,256	-7.8%	-5.1%
Academic support	132,690,413	131,477,039	134,708,123	-0.9%	2.5%
Student services	67,584,677	67,109,602	67,743,153	-0.7%	0.9%
Institutional support	202,970,115	228,615,161	236,116,161	12.6%	3.3%
Operations & Maintenance of Plant	157,076,379	148,257,361	145,923,147	-5.6%	-1.6%
Student aid	139,884,071	167,408,125	179,162,328	19.7%	7.0%
Auxiliary enterprises	174,916,490	167,337,986	180,973,505	-4.3%	8.1%
Depreciation	102,856,799	115,967,646	129,645,671	12.7%	11.8%
Hospital	578,967,246	592,753,855	654,798,736	2.4%	10.5%
Other	2,207,358	2,706,863	2,928,514	22.6%	8.2%
Eliminations	(49,028,336)	(51,659,562)	(56,068,735)	5.4%	8.5%
Total Operating expenses	<u>\$ 2,582,796,084</u>	<u>\$ 2,645,178,096</u>	<u>\$ 2,725,010,197</u>	<u>2.4%</u>	<u>3.0%</u>

Funding for the Instruction function continues to be the one of the IHL System's highest priorities. Approximately 21% of the System's expenditure pie was devoted to the Instruction function in 2011 and 2010. Since 2009, instructional costs have increased 2.0% or \$11.6 million. Institutional Research (internal and external) costs continues to command one the IHL's primary cost missions. While remaining steady since 2009, these costs represent approximately 12% of the IHL System's total focus. Public Service sector expenditures decreased 5.1% (\$8.2 million) during 2011. Institutional support costs typically present the functions of the executive management department, general administration, logistical support services, computing, public relations and development. These costs increased in 2011, up 3.3% (or \$7.5 million). Since 2009, institutional support costs have increased 16.3% (\$33.1 million). Auxiliary enterprise costs include all expenditures associated with departments that primarily exist to furnish goods or services to students, faculty, or staff and that charge a fee directly related to, although not necessarily equal to, the cost of the goods and services. Auxiliary departments are required to be essentially self-supporting activities. Examples are (1) Student housing, (2) Food Services, (3) Bookstores, and (4) Intercollegiate Athletics. Auxiliary expenditures increased 8.1% (or \$13.6 million) in fiscal year 2011. Student Aid expenditures continue to increase significantly in response to student enrollment demands and tuition, room and board rate increases. Since 2009, student aid costs have increased 28.1%, or \$39.3 million. Finally, Hospital expenditures also continue to increase. These costs were incurred by the UMMC during the course of their treatment of patients. Hospital costs rose 10.5% in FY 2011 (or \$62.0 million). Contributing significantly to this increase were the additional 400 full time employees mentioned earlier as well as the purchase of new ERP systems for accounting and patient record keeping. Since 2009, Hospital expenses have risen 13.1% (or \$75.8 million).

From fiscal year 2009 through 2011, the IHL System identified millions of dollars in inter-campus transactions that required elimination for financial statement presentation purposes. Examples of such transactions would be student financial aid funds administered by the IHL Executive Office that were directed to the campuses, as well as grant agreements between one or more IHL System institutions in which one campus served as a primary

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

recipient and the other campus acted as a sub-recipient. The eliminations were mostly channeled through the scholarships and fellowships line-item as presented by major object code category.

**Capital Asset and Debt Administration**

At June 30, 2011, the IHL System had over \$2.8 billion invested in a broad range of capital assets. These assets are comprised of land, buildings and improvements (infrastructure), equipment and library books. They are stated net of accumulated depreciation. The following table summarizes the IHL System's Capital Assets for the most recent three year-end reporting dates.

	For the Years Ended			Change Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
Capital assets not being depreciated	\$ 445,456,058	\$ 447,072,199	\$ 349,274,649	0.4%	-21.9%
Depreciable capital assets:					
Improvements other than buildings	238,161,724	252,348,893	269,898,159	6.0%	7.0%
Buildings	2,182,796,569	2,413,303,564	2,676,695,058	10.6%	10.9%
Equipment	541,631,366	566,347,955	618,196,029	4.6%	9.2%
Library Books	314,257,831	328,134,814	339,343,335	4.4%	3.4%
Total depreciable capital assets	3,276,847,490	3,560,135,226	3,904,132,581	8.6%	9.7%
Total cost of capital assets	3,722,303,548	4,007,207,425	4,253,407,230	7.7%	6.1%
Less accumulated depreciation	(1,225,062,841)	(1,307,493,996)	(1,405,321,787)	6.7%	7.5%
Capital assets, net	\$ 2,497,240,707	\$ 2,699,713,429	\$ 2,848,085,443	8.1%	5.5%

Non-depreciable capital assets equaled \$349.3 million at June 30, 2011 and \$447.1 million at June 30, 2010. These assets principally consisted of land and construction in progress. The \$97.8 million decrease from June 30, 2010 through June 30, 2011 was due to capitalized facility projects that were "in-progress" at June 30, 2010, but were later finished during 2011 and reclassified to the depreciable Buildings category.

In 2011, the System experienced strong growth in two capital asset areas, Buildings and Equipment. These assets increased 10.9% and 9.2% respectively, during 2011. Since fiscal year 2009, the gross value of IHL System buildings has increased \$493.9 million or 22.6%. Most of the IHL institution recorded sizable capital asset additions during fiscal year 2011. Some of the more significant additions are listed below.

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- ASU finished construction on a new \$40 million student housing facility, the first major housing project undertaken on the Lorman campus in 30 years;
- DSU finished construction on a new student housing facility on campus (\$14.4 million);
- JSU finished construction on several significant renovation projects, including a \$5.3 million fire suppression project;
- MSU completed construction on a several new projects, most prominently the Mize Pavilion (\$10.8 million), as well as finishing a number of significant renovation projects, most notably a \$9.4 million renovation to the Agricultural and Biological Engineering facility;
- MUW continued major renovations to Poindexter Hall (\$2.9 million) and made significant campus drainage and street repairs during 2011;
- MVSU began a major renovation project to its football facility in 2011 (\$607,000). The project will continue into future periods;
- UM continued with several major construction projects during 2011, most significantly \$6.5 million towards the Center for Manufacturing Excellence facility, \$3.9 million towards a new Pharmacy building at the UMMC, \$4.5 million to complete the new Robert C. Khayat Law Center and almost \$4.0 million in start-up costs for a new campus student residence hall;
- USM continued with several major construction projects during 2011, most significantly the completion of a centralized campus parking structure (\$14.4 million), the Century Park Physical Plant facility (\$3.7 million), and a \$1.4 million Learning Center at Century Park Residence Facility;
- UMMC purchased a new accounting ERP system (Lawson) and a new electronic patient records ERP system (Epic).

Please refer to the June 30, 2010 and June 30, 2009 audited financial statements for a description of significant additions during those fiscal years.

## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

At June 30, 2011, the IHL System had \$778.8 million in bonded debt, notes payable and capital lease obligations. This represented a 1.3% or \$10.3 million decrease over the prior year-end. The following table summarizes the System's long-term debt for the most recent three year-end reporting dates.

	For the Years Ended			Change Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
	Bonds Payable	\$ 667,866,841	\$ 753,065,137	\$ 733,882,296	12.8%
Notes Payable	5,902,637	20,969,833	20,567,308	255.3%	-1.9%
Capital Lease Obligations	22,922,268	15,126,721	24,397,978	-34.0%	61.3%
Total depreciable capital assets	<u>\$ 696,691,746</u>	<u>\$ 789,161,691</u>	<u>\$ 778,847,582</u>	<u>13.3%</u>	<u>-1.3%</u>

Bonded debt decreased 2.5% or \$19.2 million during 2011 due to repayments of long-term bond obligations. Capital lease obligations increased 61.3% or \$9.3 million during 2011. Most of this increase was realized at DSU where the university entered into a \$17.2 million private lease obligation to construct a student residence hall.

### Statement of Cash Flows

The final statement presented by the IHL System is the Statement of Cash Flows. This statement presents detailed information about the cash activities of the institution during the year. The statement is divided into five parts. The first part entitled "Cash Flows Activities from Operating" shows the net cash used by the operating activities of the IHL System. The second section is entitled "Cash Flows Activities from Non-capital Financing". The primary source of these activities includes State Appropriations. The third section, entitled "Cash Flows Activities from Capital and Related Financing" shows cash flows from the acquisition and construction of capital and related items. The fourth section is entitled "Cash Flows Activities from Investing". This section reflects cash flows from investing activities and shows purchases, proceeds, and interest received from investing activities. The final section contains a reconciliation of net cash provided by (used in) operations to the operating income (loss) reflected on the SRECNA. A condensed Statement of Cash Flows is presented on the next page.



## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

	For the Years Ended			Change Between Years	
	June 30, 2009	June 30, 2010	June 30, 2011	2009 to 2010	2010 to 2011
	<b>Statement of Cash Flows (Condensed)</b>				
Cash flows activities from:					
Operating	\$ (694,734,810)	\$ (666,207,368)	\$ (734,839,435)	-4.1%	10.3%
Non-capital financing	882,230,303	887,762,113	845,073,462	0.6%	-4.8%
Capital and related financing	(51,631,511)	(154,771,962)	(181,640,894)	199.8%	17.4%
Investing	(32,473,870)	(31,965,527)	55,053,659	-1.6%	-272.2%
Net increase (decrease) in cash & cash equivalents	103,390,112	34,817,256	(16,353,208)	-66.3%	-147.0%
Cash and cash equivalents - Beginning of Year	419,825,639	523,215,749	558,033,005	24.6%	6.7%
Cash and cash equivalents - End of Year	523,215,751	558,033,005	541,679,797	6.7%	-2.9%
Cash and cash equivalents classified as:					
Current assets	342,514,748	259,197,812	341,930,106	-24.3%	31.9%
Non-current assets	180,701,003	298,835,193	199,749,691	65.4%	-33.2%
Total Cash and cash equivalents	\$ 523,215,751	\$ 558,033,005	\$ 541,679,797	6.7%	-2.9%

Major sources of funds included in operating activities section for fiscal year 2011, were student tuition and fees (\$414.3 million), grants and contracts (\$471.4 million), patient care services (\$650.8 million), and auxiliary enterprises (\$196.5 million). Major uses of funds included in operating activities were payments for employees' salaries and benefits (\$1.58 billion), payments to suppliers (\$737.2 million), and payments made for scholarships and fellowships (\$179.3 million).

Major sources of funds included in the non-capital financing activities section for fiscal year 2011 include state appropriations (\$680.4 million) and gifts and grants received for purposes other than capital purposes (\$164.7 million).

A major source of funds included in the capital and related financing activities section for fiscal year 2011 includes grants and contract funding designated for capital projects (\$72.2 million). Major uses of funds in this section include direct cash payments made for capital assets (\$175.6 million), and principal and interest payments made to retire capital debt (\$61.9 million).

### Economic Outlook

The overall financial position of the IHL System remains strong. The IHL System continues to successfully respond to significant challenges to its academic programs, stemming from the national, state and local economic downturns. The IHL began the 2012 fiscal year with a system wide budget increase of \$191.2 million. This increase is being funded primarily by tuition revenues, auxiliary revenues and external or restricted gifts and grants. General education funding from the State of Mississippi remains flat at best. In 2012, the IHL is expecting to receive no more than \$1.0 million in additional state funding over 2011 levels. Although yet to be seen at this time, even these levels of state funding could be reduced as economic threats to the State's economy may force mid-year appropriation cuts. In FY 2011 state appropriated revenues comprised approximately 24% of the IHL System's total revenues. Despite the continuation of these difficult economic times, the IHL System

## **STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Management's Discussion and Analysis (Unaudited)

June 30, 2011 and 2010

maintains high credit ratings from Moody's (Aa3) and Standard & Poor's (AA-). Achieving and maintaining these high credit ratings provides the IHL System a higher degree of flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the IHL System to provide the necessary resources to support a level of excellence in service to students, patients, the research community, the State of Mississippi and the nation as a whole.

As a labor-intensive organization, the IHL System faces competitive pressures related to attracting and retaining faculty and staff. Moreover, consistent with the national landscape, the cost of the IHL System's health benefits for its employees continues to increase. The IHL System has in the past and will continue to take proactive steps to respond to these challenges of rising costs. An example of continued steps includes the preparation of three year business plans by the institutions.

While it is not possible at this time to predict the ultimate results, management believes that the IHL System's financial condition will remain relatively strong and stable into FY 2012 and beyond. Management at each institution has a proven track record of successfully adapting to this present economic environment while continuing to search for new opportunities to complement state support. The IHL System's financial goal, as always, is to deliver quality services to its customers and constituents while maintaining financial integrity.

## **BASIC FINANCIAL STATEMENTS**

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Net Assets

June 30, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash and cash equivalents	\$ 341,930,106	259,197,812
Short-term investments	106,522,001	186,804,777
Accounts receivable, net	293,690,069	274,473,260
Student notes receivable, net	13,419,913	12,707,902
Inventories	25,038,068	22,499,730
Prepaid expenses	12,773,127	15,162,191
Other current assets	972,708	591,201
Total current assets	794,345,992	771,436,873
Noncurrent assets:		
Restricted cash and cash equivalents	199,749,691	298,835,193
Restricted short-term investments	132,573	2,737,416
Endowment investments	209,248,933	171,512,385
Other long-term investments	272,232,422	247,062,704
Student notes receivable, net	98,717,543	110,700,350
Capital assets, net	2,848,085,443	2,699,713,429
Other noncurrent assets	8,914,589	8,532,924
Total noncurrent assets	3,637,081,194	3,539,094,401
Total assets	\$ 4,431,427,186	4,310,531,274
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 150,158,342	169,017,158
Deferred revenues	58,765,891	61,866,836
Accrued leave liabilities-current portion	8,425,046	8,034,780
Long-term liabilities-current portion	49,917,328	45,590,681
Other current liabilities	20,819,895	29,816,008
Total current liabilities	288,086,502	314,325,463
Noncurrent liabilities:		
Deposits refundable	1,163,537	1,236,815
Accrued leave liabilities	94,701,843	88,314,243
Long-term liabilities	757,364,977	767,564,854
Other long-term liabilities	100,697,153	101,013,597
Total noncurrent liabilities	953,927,510	958,129,509
Total liabilities	\$ 1,242,014,012	1,272,454,972
Net assets:		
Invested in capital assets, net of related debt	\$ 2,121,333,863	1,998,798,858
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	17,381,673	15,635,072
Research	4,778,212	4,091,409
Other purposes	99,570,621	94,849,891
Expendable:		
Scholarships and fellowships	53,703,777	49,769,609
Research	43,919,064	53,742,613
Capital projects	19,270,542	34,371,296
Debt service	6,416,580	7,810,479
Loans	33,436,896	39,408,839
Other purposes	69,004,061	50,429,512
Unrestricted	720,597,885	689,168,724
Total net assets	\$ 3,189,413,174	3,038,076,302

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statement of Financial Position

June 30, 2011

<b>Assets</b>	<b>2011</b>
Cash	\$ 2,068,473
Restricted cash	3,536,619
Accrued interest, other receivables and prepaid assets	813,513
Receivable from Mississippi State University	3,998
Receivable from MSU Alumni Foundation	87,652
Receivable from MSU Alumni Association	137,918
Notes receivable	207,171
Pledges receivable, net	18,468,672
Investments	324,088,172
Present value of amounts due from externally managed trusts	34,343,134
Land, buildings, and equipment	<u>11,138,241</u>
Total assets	<u>\$ 394,893,563</u>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,869,692
Agency payable	3,536,619
Obligation under capital leases	2,454,242
Liabilities under split interest agreements	3,768,700
Note payable	<u>202,235</u>
Total liabilities	<u>\$ 11,831,488</u>
Net assets:	
Unrestricted	
Net assets controlled by Foundation	\$ 24,827,789
Net assets related to noncontrolling interests	<u>45,200,866</u>
Total unrestricted net assets	70,028,655
Temporarily restricted	57,647,303
Permanently restricted	<u>255,386,117</u>
Total net assets	<u>\$ 383,062,075</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Financial Position

June 30, 2011

	<b>2011</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,878,425
Pledges receivable, net	20,660,408
Investments	299,717,776
Beneficial interest in remainder trust	5,313,904
Property and equipment, net	1,883,903
Campus Walk	9,200,000
Other assets	1,221,435
	\$ 344,875,851
<b>Total assets</b>	<b>\$ 344,875,851</b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Funds held for others	\$ 20,570,386
Liabilities under remainder trusts	4,936,295
Campus Walk	9,200,000
Other liabilities	3,810,534
	\$ 38,517,215
<b>Total liabilities</b>	<b>\$ 38,517,215</b>
Net assets:	
Unrestricted	\$ 7,720,791
Temporarily restricted	139,550,955
Permanently restricted	159,086,890
	\$ 306,358,636
<b>Total net assets</b>	<b>\$ 306,358,636</b>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION**

Statement of Financial Position

June 30, 2011

<b>Assets</b>	<b>2011</b>
Cash and cash equivalents	\$ 2,492,825
Accrued interest	125,819
Prepaid assets and other receivables	272,750
Amounts due from brokers	—
Pledges receivable, net	8,860,282
Investments	76,190,180
Present value of amounts due from externally managed trusts	1,305,074
Net investment in direct financing lease	1,248,186
Property and equipment, net	371,008
Total assets	<u>\$ 90,866,124</u>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable	\$ 309,620
Line of credit	1,172,113
Amounts due to brokers	280
Gift annuities payable	414,887
Liability for amounts held for others	1,410
Total liabilities	<u>\$ 1,898,310</u>
Net assets:	
Unrestricted	\$ 4,670,327
Temporarily restricted	35,074,757
Permanently restricted	49,222,730
Total net assets	<u><u>\$ 88,967,814</u></u>

See accompanying notes to consolidated financial statements.



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Revenues, Expenses and Changes in Net Assets

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Tuition and fees:	\$ 567,231,484	506,191,746
Less scholarship allowances	(153,632,123)	(133,583,284)
Less bad debt expense	(5,639,648)	(3,896,239)
Net tuition and fees	<u>407,959,713</u>	<u>368,712,223</u>
Federal appropriations	12,737,243	13,440,511
Federal grants and contracts	370,599,006	382,773,028
State grants and contracts	39,228,064	43,792,143
Nongovernmental grants and contracts	76,013,462	64,813,203
Sales and services of educational departments	53,593,973	52,271,161
Auxiliary enterprises:		
Student housing	77,063,510	66,953,556
Food services	21,279,448	20,169,819
Bookstore	6,149,929	6,723,518
Athletics	79,692,399	78,229,869
Other auxiliary revenues	31,196,324	30,231,485
Less auxiliary enterprise scholarship allowances	(28,626,950)	(22,792,654)
Interest earned on loans to students	878,695	842,709
Patient care revenues, net	668,733,613	673,216,880
Other operating revenues, net	45,343,723	40,955,295
Total operating revenues	<u>1,861,842,152</u>	<u>1,820,332,746</u>
Operating expenses:		
Salaries and wages	1,245,544,156	1,211,246,243
Fringe benefits	340,973,191	334,165,951
Travel	44,944,546	41,633,900
Contractual services	428,167,512	434,281,566
Utilities	64,403,486	61,788,107
Scholarships and fellowships	174,146,376	164,808,834
Commodities	285,572,300	275,398,108
Depreciation	129,645,671	115,971,798
Other operating expenses	11,612,959	5,883,589
Total operating expenses	<u>2,725,010,197</u>	<u>2,645,178,096</u>
Operating loss	<u>(863,168,045)</u>	<u>(824,845,350)</u>
Nonoperating revenues (expenses):		
State appropriations	628,935,996	662,817,225
State Fiscal Stabilization Funds	57,479,583	35,471,215
State Medicaid Funds	8,677,755	14,243,449
Gifts and grants	189,422,755	172,654,589
Investment income	36,440,664	31,608,381
Interest expense on capital asset-related debt	(32,366,994)	(29,336,236)
Other nonoperating revenues	12,207,360	492,541
Other nonoperating expenses	(13,628,383)	(6,965,333)
Total net nonoperating revenues (expenses)	<u>887,168,736</u>	<u>880,985,831</u>
Income before other revenues, expenses, gains and losses	24,000,691	56,140,481
Other revenues, expenses, gains and losses:		
Capital grants and gifts	68,937,584	56,379,524
State appropriations restricted for capital purposes	56,230,014	48,548,538
Additions to permanent endowments	1,697,407	2,084,426
Other additions	4,111,886	2,087,304
Other deletions	(3,640,710)	(3,354,749)
Change in net assets	151,336,872	161,885,524
Net assets – beginning of year	<u>3,038,076,302</u>	<u>2,876,190,778</u>
Net assets – end of year	<u>\$ 3,189,413,174</u>	<u>3,038,076,302</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statement of Activities

Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and support:				
Contributions	\$ 5,100,382	11,320,438	10,826,704	27,247,524
Net investment income	22,200,476	29,354,481	519,038	52,073,995
Change in value of split interest agreements	—	97,710	5,290,557	5,388,267
Other	4,182,327	123,514	—	4,305,841
Change in restrictions by donor	—	1,690,000	(1,690,000)	—
Net assets released from restrictions	18,508,414	(18,508,414)	—	—
Total revenues and support	<u>49,991,599</u>	<u>24,077,729</u>	<u>14,946,299</u>	<u>89,015,627</u>
Expenditures:				
Program services:				
Contributions and support for Mississippi State University	21,621,502	—	—	21,621,502
Contributions and support for Bulldog Club	87,625	—	—	87,625
Contributions and support for Bulldog Foundation	31,845	—	—	31,845
Contributions and support for MSU Alumni Association	550,573	—	—	550,573
Total program services	<u>22,291,545</u>	<u>—</u>	<u>—</u>	<u>22,291,545</u>
Supporting services:				
General and administrative	2,725,692	—	—	2,725,692
Fund raising	3,030,248	—	—	3,030,248
Total supporting services	<u>5,755,940</u>	<u>—</u>	<u>—</u>	<u>5,755,940</u>
Total expenditures	<u>28,047,485</u>	<u>—</u>	<u>—</u>	<u>28,047,485</u>
Change in net assets	21,944,114	24,077,729	14,946,299	60,968,142
Net assets, beginning of year (See note 18 (a)(v))	48,084,541	33,569,574	240,439,818	322,093,933
Net assets, end of year	<u>\$ 70,028,655</u>	<u>57,647,303</u>	<u>255,386,117</u>	<u>383,062,075</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Activities

Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions, gifts, and bequests	\$ —	18,335,521	7,969,152	26,304,673
Dividend and interest income	1,546,842	6,842,501	—	8,389,343
Net unrealized and realized gains on investments	2,820,405	29,580,881	—	32,401,286
Change in value of split-interest agreements	—	802,684	(217,923)	584,761
Other income	447,612	2,337,600	44,684	2,829,896
Total revenues, gains, and other support	<u>4,814,859</u>	<u>57,899,187</u>	<u>7,795,913</u>	<u>70,509,959</u>
Net assets released from restrictions/ redesignated by donor	48,083,091	(49,175,510)	1,092,419	—
Expenses:				
Support for University activities	47,141,383	—	—	47,141,383
General and administrative expenses	1,909,917	—	—	1,909,917
Fund-raising expenses	932,504	—	—	932,504
Total expenses	<u>49,983,804</u>	<u>—</u>	<u>—</u>	<u>49,983,804</u>
Change in net assets	2,914,146	8,723,677	8,888,332	20,526,155
Net assets, beginning of year	<u>4,806,645</u>	<u>130,827,278</u>	<u>150,198,558</u>	<u>285,832,481</u>
Net assets, end of year	<u>\$ 7,720,791</u>	<u>139,550,955</u>	<u>159,086,890</u>	<u>306,358,636</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISCRETELY PRESENTED COMPONENT UNIT -  
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION**

Statement of Activities

Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 1,582,875	3,277,734	1,526,358	6,386,967
Net investment gain	3,079,444	8,135,261	204,047	11,418,752
Change in value of split interest agreements	—	3,076	127,570	130,646
Other	113,143	99,154	130,669	342,966
Change in restriction by donor	(149,198)	(273,274)	422,472	—
Net assets released from restrictions	6,798,708	(6,798,708)	—	—
Total revenues, gains and other support	<u>11,424,972</u>	<u>4,443,243</u>	<u>2,411,116</u>	<u>18,279,331</u>
Expenses:				
Program services:				
Contributions and support for The University of Southern Mississippi	6,974,473	—	—	6,974,473
Total program services	<u>6,974,473</u>	<u>—</u>	<u>—</u>	<u>6,974,473</u>
Supporting services:				
General and administrative	1,459,219	—	—	1,459,219
Fund raising	884,891	—	—	884,891
Total supporting services	<u>2,344,110</u>	<u>—</u>	<u>—</u>	<u>2,344,110</u>
Total expenses	<u>9,318,583</u>	<u>—</u>	<u>—</u>	<u>9,318,583</u>
Change in net assets	2,106,389	4,443,243	2,411,116	8,960,748
Net assets at beginning of year	<u>2,563,938</u>	<u>30,631,514</u>	<u>46,811,614</u>	<u>80,007,066</u>
Net assets at end of year	<u>\$ 4,670,327</u>	<u>35,074,757</u>	<u>49,222,730</u>	<u>88,967,814</u>

See accompanying notes to consolidated financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Cash Flows

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating activities:		
Tuition and fees	\$ 414,303,692	370,930,161
Grants and contracts	471,414,622	509,603,718
Sales and services of educational departments	56,180,844	52,363,378
Payments to suppliers	(737,202,589)	(736,498,248)
Payments to employees for salaries and benefits	(1,583,396,309)	(1,535,045,349)
Payments for utilities	(63,672,966)	(61,643,634)
Payment for scholarships and fellowships	(179,259,137)	(164,299,829)
Loans issued to students and employees	(13,716,410)	(22,797,098)
Collections of loans to students and employees	12,478,895	11,545,620
Auxiliary enterprise charges:		
Student housing	67,752,250	59,202,292
Food services	21,364,649	21,390,506
Bookstore	6,102,439	6,850,402
Athletics	75,402,445	75,993,336
Other auxiliary enterprises	25,836,991	26,459,711
Patient care services	650,847,396	679,371,431
Interest earned on loans to students	1,184,275	1,141,857
Other receipts	51,256,030	57,010,084
Other payments	<u>(11,716,552)</u>	<u>(17,785,706)</u>
Net cash used by operating activities	<u>(734,839,435)</u>	<u>(666,207,368)</u>
Noncapital financing activities:		
State appropriations	680,391,344	709,024,561
Gifts and grants for other than capital purposes	164,673,628	162,798,212
Private gifts for endowment purposes	1,697,299	2,048,428
Federal loan program receipts	473,920,302	446,496,899
Federal loan program disbursements	(472,694,206)	(449,211,289)
Other sources	31,442,076	22,941,542
Other uses	<u>(34,356,981)</u>	<u>(6,336,240)</u>
Net cash provided by noncapital financing activities	<u>845,073,462</u>	<u>887,762,113</u>
Capital and related financing activities:		
Proceeds from capital debt	(20,080,434)	270,162,866
Cash paid for capital assets	(175,575,299)	(270,932,704)
Capital appropriations received	1,614,477	(94,771)
Capital grants and contracts received	72,244,469	51,484,687
Proceeds from sales of capital assets	683,983	713,626
Principal paid on capital debt and leases	(29,142,802)	(191,019,349)
Interest paid on capital debt and leases	(32,791,079)	(35,380,554)
Other sources	6,193,700	23,356,905
Other uses	<u>(4,787,909)</u>	<u>(3,062,668)</u>
Net cash used by capital and related financing activities	<u>(181,640,894)</u>	<u>(154,771,962)</u>
Investing activities:		
Proceeds from sales and maturities of investments	525,873,885	355,479,931
Interest received on investments	14,144,862	20,360,282
Purchases of investments	<u>(484,965,088)</u>	<u>(407,805,740)</u>
Net cash provided by (used by) investing activities	<u>55,053,659</u>	<u>(31,965,527)</u>
Net change in cash and cash equivalents	(16,353,208)	34,817,256
Cash and cash equivalents – beginning of year	558,033,005	523,215,749
Cash and cash equivalents – end of the year	<u>\$ 541,679,797</u>	<u>558,033,005</u>

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Cash Flows

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (863,168,045)	(824,845,350)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	129,645,671	115,971,798
Self-insured claims expense	8,689,361	18,928,170
Bad debt expense	239,138,403	259,556,165
Other	12,003,596	11,637,182
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables, net	(232,809,183)	(260,418,294)
Inventories	(2,538,338)	(385,831)
Prepaid expenses	2,389,064	(4,420,559)
Other assets	533,126	9,562,250
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(13,451,229)	9,874,096
Deferred revenue	(2,876,087)	15,309,152
Deposits refundable	(73,278)	67,887
Accrued leave liability	6,777,866	6,504,049
Loans to students and employees	1,283,208	(5,454,526)
Other liabilities	(20,383,570)	(18,093,557)
Total adjustments	<u>128,328,610</u>	<u>158,637,982</u>
Net cash used by operating activities	\$ <u>(734,839,435)</u>	<u>(666,207,368)</u>
Reconciliation of cash and cash equivalents:		
Current assets – cash and cash equivalents	\$ 341,930,106	259,197,812
Noncurrent assets – restricted cash and cash equivalents	199,749,691	298,835,193
Cash and cash equivalents – end of year	\$ <u>541,679,797</u>	<u>558,033,005</u>
Noncash capital related financing and investing activities:		
Assets acquired through capital lease obligations	\$ 17,240,000	222,324
Capital appropriations from the State of Mississippi	45,479,533	25,272,467
Donations of capital assets	11,978,030	8,682,045

See accompanying notes to financial statements.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2011 and 2010

### (1) Summary of Significant Accounting Policies

#### (a) *Nature of Operations*

Through its member universities, the State of Mississippi Institutions of Higher Learning (IHL System) serves the state, national and international communities by providing its students with academic instruction, by conducting research and other activities that advance fundamental knowledge and by disseminating knowledge to the people of Mississippi and throughout the world.

#### (b) *Reporting Entity*

The Mississippi Constitution was amended in 1943 to create a separate legal entity and establish a Board of Trustees of State Institutions of Higher Learning (Board). This constitutional Board provides management and control of Mississippi's system of universities. The Board meets monthly and oversees the eight public universities, the University of Mississippi Medical Center and various off-campus centers and locations throughout the state.

The current twelve Board members of the IHL System were appointed by the Governor and approved by the Senate for twelve year terms as follows: one from each of the seven congressional districts, one from each of the three Supreme Court Districts, and two appointed from the state-at-large. The Mississippi Constitution was amended in 2003 to change the length of terms and appointment districts for Board members. New appointments will occur from the three current Supreme Court districts for terms of nine years. The amendment provides for these new appointments and tenures to be gradually implemented. Full implementation occurs in 2012.

Each of the eight universities and the University of Mississippi Medical Center 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 these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these educational building corporations are blended component units of the State of Mississippi Institutions of Higher Learning. These blended component units provide services entirely, or almost entirely, to their respective universities.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2011 and 2010

The following is a list of abbreviations used throughout the report for the member universities of the State of Mississippi Institutions of Higher Learning (collectively the IHL System):

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University
MUW	Mississippi University for Women
MVSU	Mississippi Valley State University
UM	University of Mississippi
USM	University of Southern Mississippi
UMMC	University of Mississippi Medical Center
IHL Board Office	Institutions of Higher Learning – System Office
MCVS	Mississippi Commission for Volunteer Services (Off-campus entity)

The IHL System is considered a component unit of the State of Mississippi reporting entity.

The IHL System reports the following discretely presented component units, which also have separate stand alone audits performed, which can be obtained by requesting a copy from the finance department of each respective university below:

### **Mississippi State University Foundation, Inc.**

The Mississippi State University Foundation, Inc. is a legally separate, tax-exempt not for profit entity established to solicit and manage funds for the benefit of Mississippi State University.

### **University of Mississippi Foundation**

The University of Mississippi Foundation is a legally separate, tax-exempt not for profit nonstock corporation formed for the benefit of the University of Mississippi.

### **University of Southern Mississippi Foundation**

The University of Southern Mississippi Foundation is a not for profit entity formed to provide support to the University of Southern Mississippi and its students.

These foundations are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Statements of Non-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the IHL System's financial reporting entity for these differences.

These foundations act primarily as fund-raising organizations to supplement the resources that are available to the respective universities in support of their programs. The governing body of each foundation is self-perpetuating and consists of graduates and friends of the respective universities. Although the respective universities do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, that the foundations hold and invest are



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

restricted to the activities of the respective universities by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the respective universities, these foundations are considered discretely presented component units of the IHL System.

The Mississippi State University Foundation, Inc., the University of Mississippi Foundation, and the University of Southern Mississippi Foundation each make distributions to their respective Universities for support. During the years ended June 30, 2011 and 2010, support distributions were as follows:

		<u>2011</u>	<u>2010</u>
Mississippi State University Foundation, Inc.	\$	21,621,502	17,667,275
University of Mississippi Foundation		47,141,383	30,012,083
University of Southern Mississippi Foundation		6,974,473	6,701,585

**(c) Basis of Presentation**

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the GASB. The IHL System’s financial statements follow the “business-type activities” reporting which provides a comprehensive one-look at the IHL System’s financial activities.

**(d) Basis of Accounting**

The financial statements of the IHL System have been prepared on the accrual basis whereby all revenues are recorded when earned and expenses are recorded when an obligation has been incurred. All significant transactions among departments, campuses and auxiliary units of the IHL System 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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the IHL System follows all applicable GASB pronouncements. In addition, the IHL System applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The IHL System has elected not to apply FASB pronouncements issued after November 30, 1989.

**(e) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2011 and 2010

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payor settlements, included as other current assets and as other current liabilities, relating to the IHL System's patient services. In addition, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs could change by a material amount in the near term.

Included in other noncurrent liabilities are unpaid claim liabilities relating to the IHL System's self-insured workers' compensation, unemployment compensation, and tort claims. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims and expenses incurred through the end of the reporting period. The determinations of claims payable include estimates that are particularly susceptible to change in the near term. Management believes that liabilities established for these unpaid claims at June 30, 2011 and 2010 are adequate to cover the ultimate net cost of claims and contractual adjustments, but these liabilities are necessarily based upon estimates and, accordingly, the amount ultimately paid will be more or less than such estimates. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in operations currently.

The IHL System's investments are invested in various types of investment securities within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the IHL System's financial statements.

In connection with the preparation of the financial statements of the IHL System, management evaluated subsequent events through December 12, 2011 which was the date the financial statements were available to be issued.

**(f) *Cash Equivalents***

The IHL System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**(g) *Short-Term Investments***

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

**(h) *Accounts Receivable, Net***

Accounts receivable consist of tuition and fee charges to students and patient accounts receivable at UMMC. Accounts receivable also include amounts due from federal and state governments, and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

to the IHL System's grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

**(i) *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 on the statement of net assets as current assets. Those balances that are either in deferment status or expected to be paid back beyond the next fiscal year are presented as noncurrent assets on the statement of net assets.

**(j) *Inventories***

Inventories consist of bookstore, physical plant, agriculture, printing, central supply, food service supply, and various hospital inventories. These inventories are generally valued at the lower of cost or market, on the first-in, first-out (FIFO) basis.

**(k) *Prepaid Expenses***

Recorded items consist of expenditures that are related to projects, programs, activities, or revenues of future fiscal periods.

**(l) *Restricted Cash and Cash Equivalents and Restricted Short-Term Investments***

Cash, cash equivalents and short-term 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 statements of net assets.

**(m) *Endowment Investments***

The IHL System'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 the governing board to function similar to an endowment fund but may be fully expended at any time at the discretion of the governing board.

**(n) *Investments***

Investments are reported at fair value. Unrealized gains (losses) 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 in partnerships for which there are no quoted market prices are valued at net asset value.

**(o) *Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair 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

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

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 5 for additional details concerning useful lives and salvage values. The IHL System uses the composite method for library book depreciation if the books are considered to have a useful life of greater than one year. 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 if material.

**(p) *Accounts Payable and Accrued Liabilities***

Recorded items consist of amounts owed to vendors, contractors, or accrued amounts such as interest, wages, and salaries.

**(q) *Compensated Absences / Accrued Leave***

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 18 hours per month for fifteen years of service and above.

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 16 hours per month for fifteen years of service and above.

There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, employees are paid up to 240 hours of accumulated leave. At retirement, employees are paid up to 240 hours of accumulated major medical leave.

**(r) *Deferred Revenues***

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**(s) *Deposits Refundable***

Deposits refundable represent good faith deposits from students to reserve housing assignments, key deposits and post breakage deposits in the residence halls of the member universities of the IHL System.

**(t) *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 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.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

**(u) Government Advances Refundable**

The IHL System participates in the Federal Perkins Loan and Nursing Loan Programs, which are 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 IHL System's participation in the programs. The portion that would be refundable if the programs were terminated has been presented as other long-term liabilities and approximated \$62,933,000 and \$63,928,000 as of June 30, 2011 and 2010, respectively.

**(v) Income Taxes**

As state institutions of higher learning, the income of the IHL System is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code; however, income generated from activities unrelated to the IHL System's exempt purpose is subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B).

**(w) Classification of Revenues and Expenses**

The IHL System has classified its revenues as either operating or nonoperating 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, and (5) patient care revenues. Gifts (pledges) that are received on an installment basis are recorded at net present value. 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.

**Nonoperating Revenues and Expenses**

Nonoperating revenues have the characteristics of nonexchange transactions. Nonoperating revenues include activities that have the characteristics of nonexchange 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 nonoperating 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. Examples of nonoperating expenses include interest on capital asset related debt and bond expenses.

**(x) Auxiliary Enterprise Activities**

Auxiliary enterprises typically exist to furnish goods or services to students, faculty, or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services.

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One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities.

Auxiliary enterprises include residence halls, athletics, food services, bookstore, convenience store, laundry and faculty and staff housing. The general public may be served incidentally by auxiliary enterprises.

(y) ***Patient Care Revenues***

UMMC's hospital and clinical service revenues are reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including contractual allowances and estimated retroactive adjustments under reimbursement programs with third-party payers, less an allowance for doubtful accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based upon patients' acuity. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. UMMC is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare intermediary.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. UMMC is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by UMMC and audits thereof by Medicaid fiscal intermediary.

Revenue from the Medicare and Medicaid programs accounted for approximately 26.6% and 33.0%, respectively, of UMMC's net patient service revenues for the year ended June 30, 2011 and approximately 26.9% and 32.2%, respectively, for the year ended June 30, 2010.

UMMC also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to UMMC under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

(z) ***Hospital Reimbursement***

The University Hospitals and Health System (UHHS) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2006 for the Jackson Campus and June 30, 2009 for the Holmes County facility. Over three years ago, UHHS received notification from the fiscal intermediary of the intent to reopen cost reports filed for as far back as the year ended June 30, 2002 to adjust for overpayments made for outpatient renal dialysis

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services. At that time, a reserve was established for the estimated liability relating to these adjustments of approximately \$8.0 million. During fiscal year 2009, UHHS repaid the Medicare program \$5.5 million for outpatient renal dialysis services and other adjustments for fiscal years 2002 to 2006. There were no additional payments made in fiscal year 2011 and the current liability recorded as of June 30, 2011 is approximately \$3.1 million.

UHHS routinely enters into consulting arrangements to re-open or amend Medicare cost reports for purposes of increasing Medicaid eligible days in the Medicare Disproportionate Share Hospital (DSH) calculation and to increase reimbursement for other programs. The ultimate disposition of any of these reviews is uncertain, thus the reimbursement effect cannot be reasonably estimated until settled by the fiscal intermediary. During fiscal year 2009, UHHS received approximately \$1.4 million in additional reimbursement due to these re-openings. While consulting engagements were entered into during fiscal years 2010 and 2011, none were completed resulting in additional payments to UHHS.

### **(aa) *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 scholarship allowances, which reduce operating 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.

### **(bb) *Net Assets***

The IHL System's net assets are classified as follows:

*Invested in capital assets, net of related debt* reflect the IHL System'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 *invested in capital assets, net of related debt*.

*Restricted, nonexpendable* net assets 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 assets include resources that the IHL System is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. When both restricted

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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 assets represent resources derived from student tuition and fees, state appropriations, sales and services of educational activities, unrestricted gifts and grants and auxiliary enterprises. While unrestricted net assets may be designated for specific purposes by action of management or the Board, they are available for use at the discretion of the governing board, to meet current expenses for any purpose. Substantially all unrestricted net assets are designated by the Board for academic and research programs and initiatives, and capital programs.

**(2) Cash and Investments**

**(a) Policies**

**Cash, Cash Equivalents and Short-term Investments**

Investment policies as set forth by the IHL System 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. Investment policy at the System is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform Management of Institutional Funds Act of 1998.

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 of the Mississippi Code Annotated (1972). Under this program, the University's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of the 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 Deposit Insurance Corporation.

**Investments**

Investment policies as set forth by Board policy as authorized by Section 37-101-15, Mississippi Code Annotated (1972), authorize the universities to invest in equity securities, bonds and other securities. Investments are reported at fair value.



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A summary of cash and investments as of June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Cash	\$ 341,930,106	259,197,812
Restricted cash and cash equivalents	199,749,691	298,835,193
U.S. government agency obligations	189,410,824	189,196,997
U.S. treasury obligations	62,862,784	588,242
Certificates of deposit	96,628,645	175,785,367
Corporate bonds and notes	4,349,116	859,432
Commercial mortgage backed securities	3,802,801	40,095,486
Collateralized mortgage obligations	31,817,875	29,415,973
Municipal bonds	32,842,599	25,658,606
Money market funds	870,630	1,729,403
Fixed income mutual funds	35,899,105	37,558,107
Asset backed securities	1,960,822	3,454,646
Domestic equity securities	41,157,172	15,654,313
International equity mutual funds	24,567,516	16,685,659
Land grant principle	1,340,068	1,340,068
Domestic equity mutual funds	21,009,791	43,238,714
Equity hedge funds	20,356,412	12,339,784
Miscellaneous	19,259,769	14,516,485
	<u>\$ 1,129,815,726</u>	<u>1,166,150,287</u>

**(b) Custodial Credit Risk**

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The IHL System had no investments exposed to custodial credit risk at June 30, 2011 and 2010.

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**(c) Interest Rate Risk**

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The IHL System does not presently have a formal policy that addresses interest rate risk.

As of June 30, 2011 and 2010, the IHL System had the following investments subject to interest rate risk:

		<b>2011</b>				
		<b>Years to maturity</b>				
	<b>Fair value</b>	<b>Less than 1</b>	<b>1 – 5</b>	<b>6 – 10</b>	<b>More than 10</b>	
U.S. government						
agency obligations	\$ 189,410,824	8,832,496	87,525,362	15,145,357	77,907,609	
U.S. Treasury obligations	62,862,784	298,802	62,455,742	81,600	26,640	
Corporate bonds and notes	4,349,116	39,286	1,862,905	1,890,129	556,796	
Commercial mortgage backed securities	3,802,801	—	—	181,197	3,621,604	
Collateralized mortgage obligations	31,817,875	2,966,288	6,507,933	1,188,421	21,155,233	
Municipal bonds	32,842,599	3,130,290	13,149,812	14,173,872	2,388,625	
Fixed income mutual funds	35,899,105	438,420	12,599,449	22,751,752	109,484	
Asset backed securities	1,960,822	—	—	1,960,822	—	
<b>Total</b>	<b>\$ 362,945,926</b>	<b>15,705,582</b>	<b>184,101,203</b>	<b>57,373,150</b>	<b>105,765,991</b>	

		<b>2010</b>				
		<b>Years to maturity</b>				
	<b>Fair value</b>	<b>Less than 1</b>	<b>1 – 5</b>	<b>6 – 10</b>	<b>More than 10</b>	
U.S. government						
agency obligations	\$ 189,196,997	12,189,893	104,595,442	23,601,376	48,810,286	
U.S. Treasury obligations	588,242	435,636	93,349	39,814	19,443	
Corporate bonds and notes	859,432	9,281	151,827	667,525	30,799	
Commercial mortgage backed securities	40,095,486	34,904,245	50,619	445,050	4,695,572	
Collateralized mortgage obligations	29,415,973	2,526,907	6,099,851	—	20,789,215	
Municipal bonds	25,658,606	1,108,930	11,407,338	10,713,825	2,428,513	
Fixed income mutual funds	37,558,107	173,015	12,159,881	22,047,877	3,177,334	
Asset backed securities	3,454,646	—	—	3,454,646	—	
<b>Total</b>	<b>\$ 326,827,489</b>	<b>51,347,907</b>	<b>134,558,307</b>	<b>60,970,113</b>	<b>79,951,162</b>	

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**(d) Credit Risk**

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The IHL System does not have a formal investment policy that addresses credit risk.

As of June 30, 2011 and 2010, the IHL System had the following investments subject to credit risk:

	<b>Fair value</b>	
	<b>2011</b>	<b>2010</b>
Credit rating:		
AAA	\$ 170,665,700	163,947,191
Aaa	28,182,373	52,582,498
Aa1	32,603	3,280
Aa2	5,722,185	3,725,822
Aa3	—	9,004
AA	22,158,914	27,903,521
AA2	—	3,720,460
A1	6,998,881	17,773
A2	—	22,218
A3	—	9,178
A	4,010,075	8,084,460
B	—	215,585
Baa1	48,938	6,319
Baa2	—	13,618
Baa3	—	6,631
BBB	2,461,732	2,100,243
BB	3,112,778	4,447,796
C	563,925	—
Rating not available	56,125,038	60,011,892
Total	<u>\$ 300,083,142</u>	<u>326,827,489</u>

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

**(e) Concentration of Credit Risk**

Concentration of credit risk is defined by GASB Statement No. 40 as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The IHL System does not presently have a formal policy that addresses concentration of credit risk.

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As of June 30, 2011 and 2010, the IHL System had the following issuers holding investments that exceeded 5% of total investments.

<u>Issuer</u>	<b>2011</b>	
	<u>Fair value</u>	<u>Percentage</u>
Federal Home Loan Bank notes	\$ 56,625,526	9.63%
Federal National Mortgage Association notes	29,953,366	5.09

<u>Issuer</u>	<b>2010</b>	
	<u>Fair value</u>	<u>Percentage</u>
Federal Home Loan Bank notes	\$ 63,494,379	10.44%
Federal National Mortgage Association notes	56,658,215	9.32
Federal Home Loan Mortgage Corporation notes	41,580,142	6.84

**(f) Foreign Currency Risk**

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The IHL System does not presently have a formal policy that addresses foreign currency risk. The IHL System's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds which approximated \$25,819,541 and \$16,643,045 at June 30, 2011 and 2010, respectively.

**(3) Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2011 and 2010:

<u>Type of receivable</u>	<b>2011</b>	<b>2010</b>
Student tuition	\$ 63,188,999	64,521,417
Auxiliary enterprises and other operating activities	21,448,130	20,556,320
Contributions and gifts	6,508,874	14,749,164
Federal, state, and private grants and contracts	112,022,811	104,534,910
State appropriation	13,950,172	12,781,589
Accrued interest	4,247,388	2,679,532
Patient income	1,721,798,809	1,524,521,097
Other	19,585,071	15,394,266
Total account receivable	1,962,750,254	1,759,738,295
Less bad debt provision	(1,669,060,185)	(1,485,265,035)
Net accounts receivable	\$ 293,690,069	274,473,260

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As a component unit of the State of Mississippi, the IHL System is precluded by statute from discharging amounts owed. Accordingly, gross accounts receivables and the allowance for doubtful accounts include amounts considered to be 100% uncollectible and fully reserved in prior years.

**(4) 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 one of the IHL System's institutions.

The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the IHL System as of June 30, 2011 and 2010:

	<u>Interest rates</u>	<u>June 30, 2011</u>	<u>Current portion</u>	<u>Noncurrent portion</u>
Perkins student loans	3% to 9%	\$ 75,951,178	8,780,506	67,170,672
Institutional loans	0% to 10%	49,982,703	6,341,529	43,641,174
Nursing student loans	3% to 9%	712,966	75,910	637,056
Dental student loans	3% to 9%	365,486	39,189	326,297
Medical student loans	3% to 9%	112,759	13,791	98,968
Other federal loans	3% to 9%	<u>3,399,864</u>	<u>1,947,648</u>	<u>1,452,216</u>
Total notes receivable		130,524,956	17,198,573	113,326,383
Less allowance for doubtful accounts		<u>(18,387,500)</u>	<u>(3,778,660)</u>	<u>(14,608,840)</u>
Net notes receivable		\$ <u>112,137,456</u>	<u>13,419,913</u>	<u>98,717,543</u>

	<u>Interest rates</u>	<u>June 30, 2010</u>	<u>Current portion</u>	<u>Noncurrent portion</u>
Perkins student loans	3% to 9%	\$ 79,186,389	8,484,799	70,701,590
Institutional loans	0% to 10%	58,361,572	6,025,563	52,336,009
Nursing student loans	3% to 9%	653,178	68,185	584,993
Dental student loans	3% to 9%	424,359	28,320	396,039
Medical student loans	3% to 9%	140,678	17,762	122,916
Other federal loans	3% to 9%	<u>3,466,992</u>	<u>1,889,161</u>	<u>1,577,831</u>
Total notes receivable		142,233,168	16,513,790	125,719,378
Less allowance for doubtful accounts		<u>(18,824,916)</u>	<u>(3,805,888)</u>	<u>(15,019,028)</u>
Net notes receivable		\$ <u>123,408,252</u>	<u>12,707,902</u>	<u>110,700,350</u>

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**(5) Capital Assets**

A summary of changes in capital assets for the years ended June 30, 2011 and 2010 is presented as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2011</u>
Nondepreciable capital assets:				
Land	\$ 65,025,847	1,790,414	(426,662)	66,389,599
Construction in progress	380,486,231	134,681,596	(233,875,252)	281,292,575
Livestock	1,560,121	135,417	(103,063)	1,592,475
Total nondepreciable capital assets	<u>447,072,199</u>	<u>136,607,427</u>	<u>(234,404,977)</u>	<u>349,274,649</u>
Depreciable capital assets:				
Buildings	2,413,303,564	273,127,254	(9,735,760)	2,676,695,058
Improvements other than buildings	252,348,893	17,549,266	—	269,898,159
Equipment	566,347,955	79,510,214	(27,662,140)	618,196,029
Library books	328,134,814	11,782,683	(574,162)	339,343,335
Total depreciable assets	<u>3,560,135,226</u>	<u>381,969,417</u>	<u>(37,972,062)</u>	<u>3,904,132,581</u>
Total capital assets	<u>4,007,207,425</u>	<u>518,576,844</u>	<u>(272,377,039)</u>	<u>4,253,407,230</u>
Less accumulated depreciation:				
Buildings	585,798,532	49,396,634	(6,968,097)	628,227,069
Improvements other than buildings	78,188,212	9,631,063	(4,808)	87,814,467
Equipment	382,426,443	56,270,115	(23,974,536)	414,722,022
Library books	261,080,809	14,347,859	(870,439)	274,558,229
Total accumulated depreciation	<u>1,307,493,996</u>	<u>129,645,671</u>	<u>(31,817,880)</u>	<u>1,405,321,787</u>
Net capital assets	<u>\$ 2,699,713,429</u>	<u>388,931,173</u>	<u>(240,559,159)</u>	<u>2,848,085,443</u>

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	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2010</u>
Nondepreciable capital assets:				
Land	\$ 59,082,635	5,949,008	(5,796)	65,025,847
Construction in progress	384,723,610	230,259,872	(234,497,251)	380,486,231
Livestock	1,649,813	107,037	(196,729)	1,560,121
Total nondepreciable capital assets	<u>445,456,058</u>	<u>236,315,917</u>	<u>(234,699,776)</u>	<u>447,072,199</u>
Depreciable capital assets:				
Buildings	2,182,796,569	232,324,813	(1,817,818)	2,413,303,564
Improvements other than buildings	238,161,724	15,363,128	(1,175,959)	252,348,893
Equipment	541,631,366	59,521,044	(34,804,455)	566,347,955
Library books	314,257,831	14,965,484	(1,088,501)	328,134,814
Total depreciable assets	<u>3,276,847,490</u>	<u>322,174,469</u>	<u>(38,886,733)</u>	<u>3,560,135,226</u>
Total capital assets	<u>3,722,303,548</u>	<u>558,490,386</u>	<u>(273,586,509)</u>	<u>4,007,207,425</u>
Less accumulated depreciation:				
Buildings	542,764,782	43,910,910	(877,160)	585,798,532
Improvements other than buildings	69,370,560	8,955,817	(138,165)	78,188,212
Equipment	365,634,769	48,228,488	(31,436,814)	382,426,443
Library books	247,292,730	14,876,583	(1,088,504)	261,080,809
Total accumulated depreciation	<u>1,225,062,841</u>	<u>115,971,798</u>	<u>(33,540,643)</u>	<u>1,307,493,996</u>
Net capital assets	<u>\$ 2,497,240,707</u>	<u>442,518,588</u>	<u>(240,045,866)</u>	<u>2,699,713,429</u>

As of June 30, 2011 and 2010, capital assets included assets under capital leases with an original cost basis of approximately \$32,377,000 and \$32,895,000, respectively and accumulated amortization of approximately \$14,362,000 and \$10,337,000, respectively.

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

<u>Capital assets</u>	<u>Estimated useful life</u>	<u>Salvage value</u>	<u>Capitalization threshold</u>
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	—	—

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**(6) Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of June 30, 2011 and 2010 are as follows:

	<b>2011</b>	<b>2010</b>
Payable to vendors and contractors	\$ 77,647,156	85,456,333
Accrued salaries, wages and employee withholdings	65,090,801	76,447,848
Accrued interest	4,554,801	4,303,449
Other	2,865,584	2,809,528
Total	\$ 150,158,342	169,017,158

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

**(7) Deferred Revenues**

Deferred revenues as of June 30, 2011 and 2010 are as follows:

	<b>2011</b>	<b>2010</b>
Unearned summer school revenue	\$ 31,969,108	31,135,855
Unearned grants and contract revenue	12,061,163	15,367,810
Other, principally athletic activities	14,735,620	15,363,171
Total	\$ 58,765,891	61,866,836

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

**(8) Long-Term Liabilities**

Long-term liabilities of the IHL System consists of notes and bonds payable, capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2011 and 2010, respectively. The various leases cover a period not to exceed five years. The IHL System has the option to prepay all outstanding obligations 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.

Information regarding original issue amounts, interest rates and maturity dates for bonds, notes and capital leases relative to the long-term liabilities for each of the universities within the IHL System as of June 30, 2011 and 2010, is listed in the following schedule.



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Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded debt:								
1996 Nursing Dormitory Bonds	\$ 680,000	4.50% - 6.50%	2012	\$ 65,000	—	65,000	—	—
1997 President's Home Bonds	950,000	6.55%	Demand	1,193	—	1,193	—	—
2009 Series A Student Housing Project	47,000,000	5.13% - 5.25%	2040	46,741,500	258,500	—	47,000,000	405,000
Total bonded debt				46,807,693	258,500	66,193	47,000,000	405,000
Other long-term liabilities:								
Accrued leave liabilities				3,927,199	1,521,984	1,446,779	4,002,404	843,623
Deposits refundable				767,551	32,628	—	800,179	—
Total other long-term liabilities				4,694,750	1,554,612	1,446,779	4,802,583	843,623
Total				\$ 51,502,443	1,813,112	1,512,972	51,802,583	1,248,623
Due within one year							(1,248,623)	
Total long-term liabilities							\$ 50,553,960	

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Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded debt:								
1991 Series	\$ 2,259,631	5.00%	2012	\$ 103,128	—	53,635	49,493	49,493
2003 Series	2,475,000	3.00% - 4.25%	2024	1,980,000	—	110,000	1,870,000	110,000
2009 Series	3,135,000	2.50% - 3.75%	2019	3,010,000	—	135,000	2,875,000	140,000
Total bonded debt				<u>5,093,128</u>	<u>—</u>	<u>298,635</u>	<u>4,794,493</u>	<u>299,493</u>
Capital leases:								
Various equipment				327,478	—	140,689	186,789	148,425
Foundation hall and faculty apartments				—	17,240,000	—	17,240,000	345,000
Total capital leases				<u>327,478</u>	<u>17,240,000</u>	<u>140,689</u>	<u>17,426,789</u>	<u>493,425</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				1,897,649	252,880	254,456	1,896,073	193,037
Deposits refundable				95,511	127,867	4,000	219,378	124,818
Other				1,802,516	—	—	1,802,516	—
Total other long-term liabilities and notes payable				<u>3,795,676</u>	<u>380,747</u>	<u>258,456</u>	<u>3,917,967</u>	<u>317,855</u>
Total				<u>\$ 9,216,282</u>	<u>17,620,747</u>	<u>697,780</u>	<u>26,139,249</u>	<u>1,110,773</u>
Due within one year							<u>(1,110,773)</u>	
Total long-term liabilities							<u>\$ 25,028,476</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded debt:								
Series 1982 - Dormitory	\$ 4,000,000	1.00% - 3.00%	2021	\$ 1,655,000	—	130,000	1,525,000	130,000
Series 2006 - A	12,000,000	3.50% - 4.25%	2031	10,195,000	—	—	10,195,000	—
Series 2007	53,544,677	5.00%	2034	52,404,585	—	578,503	51,826,082	593,503
Series 2010-A-1	31,325,000	3.00% - 5.00%	2034	25,619,548	—	(703,580)	26,323,128	(614,923)
Series 2010-A-2	790,000	3.00%	2014	790,000	—	—	790,000	—
Other Borrowings	1,900,000	5.00%	2034	1,095,000	—	—	1,095,000	—
Total bonded debt				91,759,133	—	4,923	91,754,210	108,580
Other long-term liabilities and notes payable:								
Accrued leave liabilities				5,701,641	340,573	—	6,042,214	435,235
Deposits refundable				31,253	6,203	—	37,456	—
Notes payable				1,049,719	—	81,866	967,853	84,339
Other				1,652,852	—	11,709	1,641,143	—
Total other long-term liabilities and notes payable				8,435,465	346,776	93,575	8,688,666	519,574
Total				\$ 100,194,598	346,776	98,498	100,442,876	628,154
Due within one year							(628,154)	
Total long-term liabilities							\$ 99,814,722	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded debt:								
Dormitory Bonds	\$ 2,250,000	3.00%	2021	\$ 900,000	—	70,000	830,000	70,000
Student Apartments	2,038,000	3.00%	2022	910,000	—	65,000	845,000	65,000
EBC – Revenue Bonds	31,865,000	3.75% - 5.25%	2025	6,025,000	—	—	6,025,000	—
EBC – Revenue Bonds	16,920,000	4.00% - 5.50%	2027	10,825,000	—	920,000	9,905,000	965,000
EBC – Revenue Bonds	17,000,000	2.00% - 5.00%	2029	14,295,000	—	525,000	13,770,000	540,000
EBC – Revenue Bonds	28,790,000	2.00% - 5.00%	2030	23,120,000	—	1,370,000	21,750,000	1,410,000
EBC – Revenue Bonds	58,965,000	4.00% - 5.00%	2035	53,915,000	—	1,485,000	52,430,000	1,540,000
EBC – Revenue Bonds	6,110,000	4.50% - 4.75%	2028	5,725,000	—	210,000	5,515,000	220,000
EBC – Revenue Bonds	29,615,000	3.00% - 5.25%	2039	29,615,000	—	—	29,615,000	580,000
EBC – Revenue Bonds	17,105,000	3.00% - 5.25%	2024	17,105,000	—	1,080,000	16,025,000	1,330,000
Total bonded debt				162,435,000	—	5,725,000	156,710,000	6,720,000
Capital leases:								
Various equipment				238,024	—	158,893	79,131	79,131
Other long-term liabilities:								
Accrued leave liabilities				20,279,194	981,189	—	21,260,383	2,245,298
Deposits refundable				82,000	—	14,875	67,125	—
Other				15,097,490	—	338,877	14,758,613	—
Total other long-term liabilities				35,458,684	981,189	353,752	36,086,121	2,245,298
Total				\$ 198,131,708	981,189	6,237,645	192,875,252	9,044,429
Due within one year							(9,044,429)	
Total long-term liabilities							\$ 183,830,823	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital leases:								
Various equipment				\$ 256,059	—	154,805	101,254	86,300
Other long-term liabilities:								
Accrued leave liabilities				996,143		110,927	885,216	35,409
Other				1,346,073	—	(21,913)	1,367,986	—
Total other long-term liabilities				2,342,216	—	89,014	2,253,202	35,409
Total				\$ 2,598,275	—	243,819	2,354,456	121,709
Due within one year							(121,709)	
Total long-term liabilities							\$ 2,232,747	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded debt:								
EBC - 2007	\$ 19,015,000	4.00%	2037	\$ 18,665,000	—	165,000	18,500,000	195,000
Total bonded debt				18,665,000	—	165,000	18,500,000	195,000
Other long-term liabilities:								
Accrued leave liabilities				1,772,820	—	291	1,772,529	208,170
Deposits refundable				150,471	—	111,461	39,010	—
Total other long-term liabilities				1,923,291	—	111,752	1,811,539	208,170
Total				\$ 20,588,291	—	276,752	20,311,539	403,170
Due within one year							(403,170)	
Total long-term liabilities							\$ 19,908,369	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded debt:								
EBC - 2002	13,090,000	4.00% - 5.00%	2017	5,755,000	—	625,000	5,130,000	910,000
EBC - 2005	10,965,000	3.00% - 4.38%	2028	9,140,000	—	595,000	8,545,000	365,000
EBC - 2006A	17,985,000	4.00% - 5.00%	2026	15,415,000	—	1,015,000	14,400,000	1,055,000
EBC - 2006B-1	17,290,000	3.50% - 5.00%	2027	15,095,000	—	845,000	14,250,000	885,000
EBC - 2008A	29,785,000	3.00% - 5.00%	2034	29,080,000	—	730,000	28,350,000	750,000
EBC - 2009A	19,870,000	2.13% - 4.50%	2030	19,870,000	—	705,000	19,165,000	730,000
EBC - 2009B	24,165,000	3.00% - 5.00%	2021	22,480,000	—	1,595,000	20,885,000	1,665,000
EBC - 2009C	14,770,000	2.50% - 4.75%	2035	14,770,000	—	375,000	14,395,000	385,000
Total bonded debt				131,605,000	—	6,485,000	125,120,000	6,745,000
Other long-term liabilities and notes payable:								
Accrued leave liabilities				12,130,119	458,222	—	12,588,341	1,115,000
Deposits refundable				99,235	—	4,420	94,815	—
Notes payable				1,502,086	—	140,545	1,361,541	146,573
Other				9,141,800	4,000	—	9,145,800	—
Total other long-term liabilities and notes payable				22,873,240	462,222	144,965	23,190,497	1,261,573
Total				\$ 154,478,240	462,222	6,629,965	148,310,497	8,006,573
Due within one year							(8,006,573)	
Total long-term liabilities							\$ 140,303,924	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi								
Bonded debt:								
Payne Center	\$ 5,335,000	4.20% - 6.00%	2016	\$ 2,195,000	—	320,000	1,875,000	340,000
Technology Improvement	1,970,000	3.50% - 5.75%	2011	90,000	—	90,000	—	—
University Improvements	3,040,000	3.50% - 5.50%	2011	140,000	—	140,000	—	—
Student Life Center & International Educ. Center	17,285,000	3.00% - 5.38%	2012	1,575,000	—	770,000	805,000	805,000
The Village	18,725,000	3.63% - 5.00%	2032	17,940,000	—	185,000	17,755,000	220,000
EBC Refunding	24,855,000	3.63% - 5.00%	2027	23,550,000	—	440,000	23,110,000	690,000
Athletic Improvements	27,190,000	4.00% - 5.00%	2034	26,645,000	—	310,000	26,335,000	340,000
Dormitory Construction	49,900,000	2.75% - 5.38%	2037	49,900,000	—	—	49,900,000	—
Total bonded debt				<u>122,035,000</u>	<u>—</u>	<u>2,255,000</u>	<u>119,780,000</u>	<u>2,395,000</u>
Capital leases:								
Various equipment				<u>1,892,393</u>	<u>—</u>	<u>497,362</u>	<u>1,395,031</u>	<u>282,786</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				10,003,949	—	806,361	9,197,588	1,100,000
Deposits refundable				29,897	495	—	30,392	—
Notes payable				18,418,028	—	180,114	18,237,914	522,409
Other				27,900,905	—	302,731	27,598,174	—
Total other long-term liabilities and notes payable				<u>56,352,779</u>	<u>495</u>	<u>1,289,206</u>	<u>55,064,068</u>	<u>1,622,409</u>
Total				<u>\$ 180,280,172</u>	<u>495</u>	<u>4,041,568</u>	<u>176,239,099</u>	<u>4,300,195</u>
Due within one year							<u>(4,300,195)</u>	
Total long-term liabilities							<u>\$ 171,938,904</u>	



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded debt:								
Series 1998B	41,075,000	3.88% - 5.90%	2024	23,670,000	—	—	23,670,000	—
Series 2002	4,500,000	3.40% - 5.00%	2013	1,065,000	—	520,000	545,000	545,000
Series 2009	105,605,000	2.00% - 5.00%	2034	99,689,351	—	3,442,507	96,246,844	3,834,405
Series 2010A	24,870,000	5.92% - 6.69%	2032	24,870,000	—	—	24,870,000	—
Series 2010B	20,000,000	6.84%	2035	20,000,000	—	—	20,000,000	—
Series 2010C	5,130,000	2.50% - 5.00%	2020	5,370,832	—	479,083	4,891,749	474,083
Total bonded debt				<u>174,665,183</u>	<u>—</u>	<u>4,441,590</u>	<u>170,223,593</u>	<u>4,853,488</u>
Capital leases:								
Various equipment				<u>12,412,767</u>	<u>—</u>	<u>7,016,994</u>	<u>5,395,773</u>	<u>4,205,545</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				38,891,564	8,335,583	2,600,114	44,627,033	2,195,100
Other				<u>37,105,702</u>	<u>2,888,513</u>	<u>529,389</u>	<u>39,464,826</u>	<u>8,815,000</u>
Total other long-term liabilities				<u>75,997,266</u>	<u>11,224,096</u>	<u>3,129,503</u>	<u>84,091,859</u>	<u>11,010,100</u>
Total				<u>\$ 263,075,216</u>	<u>11,224,096</u>	<u>14,588,087</u>	259,711,225	<u>20,069,133</u>
Due within one year							<u>(20,069,133)</u>	
Total long-term liabilities							<u>\$ 239,642,092</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:								
Other long-term liabilities:								
Accrued leave liabilities				\$ 677,646	100,734	—	778,380	45,014
Other				<u>30,941,000</u>	<u>4,474,000</u>	<u>2,187,000</u>	<u>33,228,000</u>	<u>13,355,441</u>
Total				<u>\$ 31,618,646</u>	<u>4,574,734</u>	<u>2,187,000</u>	<u>34,006,380</u>	<u>13,400,455</u>
Due within one year							<u>13,400,455</u>	
Total long-term liabilities							<u>\$ 20,605,925</u>	
MCVS:								
Other long-term liabilities and notes payable:								
Accrued leave liabilities				\$ 71,099	5,629	—	76,728	9,160
Total				<u>\$ 71,099</u>	<u>5,629</u>	<u>—</u>	<u>76,728</u>	<u>9,160</u>
Due within one year							<u>(9,160)</u>	
Total long-term liabilities							<u>\$ 67,568</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2011				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning – Combined:								
Total bonded debt				\$ 753,065,137	258,500	19,441,341	733,882,296	21,721,561
Total capital leases				15,126,721	17,240,000	7,968,743	24,397,978	5,147,187
Other long-term liabilities and notes payable:								
Accrued leave liabilities				96,349,024	11,996,793	5,218,928	103,126,889	8,425,046
Deposits refundable				1,255,917	167,194	134,756	1,288,355	124,818
Notes payable				20,969,833	—	402,525	20,567,308	753,321
Other				124,988,338	7,366,513	3,347,793	129,007,058	22,170,441
Total other long-term liabilities				243,563,112	19,530,500	9,104,002	253,989,610	31,473,626
Total long-term liabilities				\$ 1,011,754,970	37,029,000	36,514,086	1,012,269,884	58,342,374

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded debt:								
1996 Nursing Dormitory Bonds	\$ 680,000	4.50% - 6.50%	2012	\$ 125,000	—	60,000	65,000	65,000
1997 President's Home Bonds	950,000	6.55%	Demand	1,193	—	—	1,193	—
2009 Series A Student Housing Project	47,000,000	5.13% - 5.25%	2040	—	47,000,000	258,500	46,741,500	—
Total bonded debt				126,193	47,000,000	318,500	46,807,693	65,000
Other long-term liabilities:								
Accrued leave liabilities				3,686,259	1,315,263	1,074,323	3,927,199	924,089
Deposits refundable				642,601	124,950	—	767,551	—
Total other long-term liabilities				4,328,860	1,440,213	1,074,323	4,694,750	924,089
Total				\$ 4,455,053	48,440,213	1,392,823	51,502,443	989,089
Due within one year							(989,089)	
Total long-term liabilities							\$ 50,513,354	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded debt:								
1991 Series	\$ 2,259,631	5.00%	2012	\$ 163,129	—	60,001	103,128	53,634
1998 Series	3,900,000	3.40% - 5.00%	2019	3,040,000	—	3,040,000	—	—
2003 Series	2,475,000	3.00% - 4.25%	2024	2,085,000	—	105,000	1,980,000	110,000
2009 Series	3,135,000	2.50% - 3.75%	2019	—	3,135,000	125,000	3,010,000	135,000
Total bonded debt				<u>5,288,129</u>	<u>3,135,000</u>	<u>3,330,001</u>	<u>5,093,128</u>	<u>298,634</u>
Capital leases:								
Various equipment				<u>460,835</u>	<u>—</u>	<u>133,357</u>	<u>327,478</u>	<u>140,689</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				1,867,761	292,424	262,536	1,897,649	199,511
Deposits refundable				99,915	70,066	74,470	95,511	19,103
Other				<u>1,808,367</u>	<u>—</u>	<u>5,851</u>	<u>1,802,516</u>	<u>—</u>
Total other long-term liabilities and notes payable				<u>3,776,043</u>	<u>362,490</u>	<u>342,857</u>	<u>3,795,676</u>	<u>218,614</u>
Total				<u>\$ 9,525,007</u>	<u>3,497,490</u>	<u>3,806,215</u>	<u>9,216,282</u>	<u>657,937</u>
Due within one year							<u>(657,937)</u>	
Total long-term liabilities							<u>\$ 8,558,345</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded debt:								
Series 1982 - Dormitory	\$ 4,000,000	1.00% - 3.00%	2021	\$ 1,780,000	—	125,000	1,655,000	130,000
Student Life Center Revenue Bonds	12,000,000	3.00% - 5.13%	2013	456,669	—	456,669	—	—
Series 2004 A	40,065,000	variable	2034	126,321	—	126,321	—	—
Series 2004 B	24,875,000	5.00%	2034	24,001,440	—	24,001,440	—	—
Series 2006 - A	12,000,000	3.50% - 4.25%	2031	11,665,000	—	1,470,000	10,195,000	—
Series 2007	53,544,677	5.00%	2034	52,973,089	—	568,504	52,404,585	591,737
Series 2010-A-1	31,325,000	3.00% - 5.00%	2034	—	31,325,000	5,705,452	25,619,548	(703,580)
Series 2010-A-2	790,000	3.00%	2014	—	790,000	—	790,000	—
Other Borrowings	1,900,000	5.00%	2034	1,900,000	—	805,000	1,095,000	—
Total bonded debt				<u>92,902,519</u>	<u>32,115,000</u>	<u>33,258,386</u>	<u>91,759,133</u>	<u>18,157</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				4,383,758	1,317,883	—	5,701,641	410,518
Deposits refundable				26,648	4,605	—	31,253	—
Notes payable				1,129,182	—	79,463	1,049,719	81,865
Other				1,626,947	25,905	—	1,652,852	—
Total other long-term liabilities and notes payable				<u>7,166,535</u>	<u>1,348,393</u>	<u>79,463</u>	<u>8,435,465</u>	<u>492,383</u>
Total				<u>\$ 100,069,054</u>	<u>33,463,393</u>	<u>33,337,849</u>	<u>100,194,598</u>	<u>510,540</u>
Due within one year							(510,540)	
Total long-term liabilities							<u>\$ 99,684,058</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded debt:								
Dormitory Bonds	\$ 2,250,000	3.00%	2021	\$ 970,000	—	70,000	900,000	70,000
Student Apartments	2,038,000	3.00%	2022	970,000	—	60,000	910,000	65,000
EBC – Revenue Bonds	31,865,000	3.75% - 5.25%	2025	7,105,000	—	1,080,000	6,025,000	—
EBC – Revenue Bonds	16,920,000	4.00% - 5.50%	2027	11,700,000	—	875,000	10,825,000	920,000
EBC – Revenue Bonds	17,000,000	2.00% - 5.00%	2029	14,810,000	—	515,000	14,295,000	525,000
EBC – Revenue Bonds	28,790,000	2.00% - 5.00%	2030	24,455,000	—	1,335,000	23,120,000	1,370,000
EBC – Revenue Bonds	58,965,000	4.00% - 5.00%	2035	55,345,000	—	1,430,000	53,915,000	1,485,000
EBC – Revenue Bonds	6,110,000	4.50% - 4.75%	2028	5,920,000	—	195,000	5,725,000	210,000
EBC – Revenue Bonds	29,615,000	3.00% - 5.25%	2039	29,615,000	—	—	29,615,000	—
EBC – Revenue Bonds	17,105,000	3.00% - 5.25%	2024	17,105,000	—	—	17,105,000	1,080,000
Total bonded debt				167,995,000	—	5,560,000	162,435,000	5,725,000
Capital leases:								
Various equipment				745,698	—	507,674	238,024	158,893
Other long-term liabilities:								
Accrued leave liabilities				21,345,649	—	1,066,455	20,279,194	1,737,092
Deposits refundable				86,300	—	4,300	82,000	—
Other				15,342,487	—	244,997	15,097,490	—
Total other long-term liabilities				36,774,436	—	1,315,752	35,458,684	1,737,092
Total				\$ 205,515,134	—	7,383,426	198,131,708	7,620,985
Due within one year							(7,620,985)	
Total long-term liabilities							\$ 190,510,723	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital leases:								
Various equipment				\$ 471,953	—	215,894	256,059	154,806
Other long-term liabilities:								
Accrued leave liabilities				1,023,436	—	27,293	996,143	39,846
Other				1,545,371	—	199,298	1,346,073	—
Total other long-term liabilities				2,568,807	—	226,591	2,342,216	39,846
Total				\$ 3,040,760	—	442,485	2,598,275	194,652
Due within one year							(194,652)	
Total long-term liabilities							\$ 2,403,623	



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded debt:								
EBC - 2007	\$ 19,015,000	4.00%	2037	\$ 18,800,000	—	135,000	18,665,000	165,000
Total bonded debt				18,800,000	—	135,000	18,665,000	165,000
Other long-term liabilities:								
Accrued leave liabilities				1,897,279	—	124,459	1,772,820	215,204
Deposits refundable				193,888	—	43,417	150,471	—
Total other long-term liabilities				2,091,167	—	167,876	1,923,291	215,204
Total				\$ 20,891,167	—	302,876	20,588,291	380,204
Due within one year							(380,204)	
Total long-term liabilities							\$ 20,208,087	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded debt:								
EBC - 1999	\$ 12,220,000	5.00%	2010	\$ 615,000	—	615,000	—	—
EBC - 2002	13,090,000	4.00% - 5.00%	2017	6,795,000	—	1,040,000	5,755,000	625,000
EBC - 2005	10,965,000	3.00% - 4.38%	2028	9,720,000	—	580,000	9,140,000	595,000
EBC - 2006A	17,985,000	4.00% - 5.00%	2026	16,050,000	—	635,000	15,415,000	1,015,000
EBC - 2006B-1	17,290,000	3.50% - 5.00%	2027	15,910,000	—	815,000	15,095,000	845,000
EBC - 2006B-2	4,075,000	3.25%	2027	4,075,000	—	4,075,000	—	—
EBC - 2008A	29,785,000	3.00% - 5.00%	2034	29,785,000	—	705,000	29,080,000	730,000
EBC - 2009A	19,870,000	2.13% - 4.50%	2030	19,870,000	—	—	19,870,000	705,000
EBC - 2009B	24,165,000	3.00% - 5.00%	2021	24,165,000	—	1,685,000	22,480,000	1,595,000
EBC - 2009C	14,770,000	2.50% - 4.75%	2035	—	14,770,000	—	14,770,000	375,000
Total bonded debt				<u>126,985,000</u>	<u>14,770,000</u>	<u>10,150,000</u>	<u>131,605,000</u>	<u>6,485,000</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				11,912,726	1,173,394	956,001	12,130,119	996,000
Deposits refundable				107,655	—	8,420	99,235	—
Notes payable				1,753,864	—	251,778	1,502,086	140,545
Other				9,259,000	—	117,200	9,141,800	—
Total other long-term liabilities and notes payable				<u>23,033,245</u>	<u>1,173,394</u>	<u>1,333,399</u>	<u>22,873,240</u>	<u>1,136,545</u>
Total				<u>\$ 150,018,245</u>	<u>15,943,394</u>	<u>11,483,399</u>	<u>154,478,240</u>	<u>7,621,545</u>
Due within one year							<u>(7,621,545)</u>	
Total long-term liabilities							<u>\$ 146,856,695</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi								
Bonded debt:								
Payne Center	\$ 5,335,000	4.20% - 6.00%	2016	\$ 2,500,000	—	305,000	2,195,000	320,000
Technology Improvement	1,970,000	3.50% - 5.75%	2011	175,000	—	85,000	90,000	90,000
University Improvements	3,040,000	3.50% - 5.50%	2011	270,000	—	130,000	140,000	140,000
Student Life Center & International Educ. Center	17,285,000	3.00% - 5.38%	2012	2,315,000	—	740,000	1,575,000	770,000
The Village	18,725,000	3.63% - 5.00%	2032	18,085,000	—	145,000	17,940,000	185,000
EBC Refunding	24,855,000	3.63% - 5.00%	2027	23,970,000	—	420,000	23,550,000	440,000
Athletic Improvements	27,190,000	4.00% - 5.00%	2034	26,930,000	—	285,000	26,645,000	310,000
Dormitory Construction	49,900,000	2.75% - 5.38%	2037	49,900,000	—	—	49,900,000	—
Total bonded debt				<u>124,145,000</u>	<u>—</u>	<u>2,110,000</u>	<u>122,035,000</u>	<u>2,255,000</u>
Capital leases:								
Various equipment				<u>2,036,873</u>	<u>222,324</u>	<u>366,804</u>	<u>1,892,393</u>	<u>369,590</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				9,907,603	96,346	—	10,003,949	1,100,000
Deposits refundable				44,624	—	14,727	29,897	—
Notes payable				3,019,591	15,520,000	121,563	18,418,028	180,115
Other				<u>28,343,249</u>	<u>—</u>	<u>442,344</u>	<u>27,900,905</u>	<u>—</u>
Total other long-term liabilities and notes payable				<u>41,315,067</u>	<u>15,616,346</u>	<u>578,634</u>	<u>56,352,779</u>	<u>1,280,115</u>
Total				<u>\$ 167,496,940</u>	<u>15,838,670</u>	<u>3,055,438</u>	<u>180,280,172</u>	<u>3,904,705</u>
Due within one year							<u>(3,904,705)</u>	
Total long-term liabilities							<u>\$ 176,375,467</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded debt:								
Series 1993	\$ 60,000,000	6.40% - 9.00%	2024	\$ 1,840,000	—	1,840,000	—	—
Series 1998A	9,380,000	4.30% - 5.75%	2012	3,250,000	—	3,250,000	—	—
Series 1998B	41,075,000	3.88% - 5.90%	2024	40,340,000	—	16,670,000	23,670,000	—
Series 2002	4,500,000	3.40% - 5.00%	2013	1,565,000	—	500,000	1,065,000	520,000
Series 2008A	43,125,000	3.20%	2034	42,735,000	—	42,735,000	—	—
Series 2008B	41,895,000	3.29%	2032	41,895,000	—	41,895,000	—	—
Series 2009	105,605,000	2.00% - 5.00%	2034	—	105,605,000	5,674,817	99,930,183	3,471,674
Series 2010A	24,870,000	5.92% - 6.69%	2032	—	24,870,000	—	24,870,000	—
Series 2010B	20,000,000	6.84%	2035	—	20,000,000	—	20,000,000	—
Series 2010C	5,130,000	2.50% - 5.00%	2020	—	5,130,000	—	5,130,000	455,000
Total bonded debt				<u>131,625,000</u>	<u>155,605,000</u>	<u>112,564,817</u>	<u>174,665,183</u>	<u>4,446,674</u>
Capital leases:								
Various equipment				<u>19,206,909</u>	<u>—</u>	<u>6,794,142</u>	<u>12,412,767</u>	<u>7,016,994</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				<u>34,845,697</u>	<u>6,684,963</u>	<u>2,639,096</u>	<u>38,891,564</u>	<u>2,349,333</u>
Other				<u>34,459,860</u>	<u>9,541,908</u>	<u>6,896,066</u>	<u>37,105,702</u>	<u>4,497,100</u>
Total other long-term liabilities				<u>69,305,557</u>	<u>16,226,871</u>	<u>9,535,162</u>	<u>75,997,266</u>	<u>6,846,433</u>
Total				<u>\$ 220,137,466</u>	<u>171,831,871</u>	<u>128,894,121</u>	<u>263,075,216</u>	<u>18,310,101</u>
Due within one year							<u>(18,310,101)</u>	
Total long-term liabilities							<u>\$ 244,765,115</u>	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2010				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:								
Other long-term liabilities:								
Accrued leave liabilities				\$ 725,871	—	48,225	677,646	52,819
Other				29,078,000	3,946,000	2,083,000	30,941,000	13,372,516
Total				\$ 29,803,871	3,946,000	2,131,225	31,618,646	13,425,335
Due within one year							(13,425,335)	
Total long-term liabilities							\$ 18,193,311	
MCVS:								
Other long-term liabilities and notes payable:								
Accrued leave liabilities				\$ 57,251	13,848	—	71,099	10,368
Total				\$ 57,251	13,848	—	71,099	10,368
Due within one year							(10,368)	
Total long-term liabilities							\$ 60,731	

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

<u>Description and purpose</u>	<u>Original issue</u>	<u>Annual interest rate</u>	<u>Maturity (Fiscal Year)</u>	<u>Year ended June 30, 2010</u>				
				<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
State of Mississippi Institutions of Higher Learning – Combined:								
Total bonded debt				\$ 667,866,841	252,625,000	167,426,704	753,065,137	19,458,465
Total capital leases				22,922,268	222,324	8,017,871	15,126,721	7,840,972
Other long-term liabilities and notes payable:								
Accrued leave liabilities				91,653,291	10,894,121	6,198,388	96,349,024	8,034,780
Deposits refundable				1,201,630	199,621	145,334	1,255,917	19,103
Notes payable				5,902,637	15,520,000	452,804	20,969,833	402,525
Other				121,463,281	13,513,813	9,988,756	124,988,338	17,869,616
Total other long-term liabilities				<u>220,220,839</u>	<u>40,127,555</u>	<u>16,785,282</u>	<u>243,563,112</u>	<u>26,326,024</u>
Total long-term liabilities				<u>\$ 911,009,948</u>	<u>292,974,879</u>	<u>192,229,857</u>	<u>1,011,754,970</u>	<u>53,625,461</u>

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

The annual debt service requirements for the outstanding debt as of June 30, 2011 for each of the respective universities within the IHL system are as follows:

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Alcorn State University:					
2012	\$ 405,000	—	—	2,309,863	2,714,863
2013	340,000	—	—	2,298,688	2,638,688
2014	405,000	—	—	2,287,513	2,692,513
2015	400,000	—	—	2,271,438	2,671,438
2016	500,000	—	—	2,248,938	2,748,938
2017 – 2021	4,100,000	—	—	10,764,015	14,864,015
2022 – 2026	6,680,000	—	—	9,590,103	16,270,103
2027 – 2031	9,385,000	—	—	7,657,631	17,042,631
2032 – 2036	12,370,000	—	—	4,922,210	17,292,210
2036 – 2041	12,415,000	—	—	1,345,176	13,760,176
Totals	\$ 47,000,000	—	—	45,695,575	92,695,575
Delta State University:					
2012	\$ 299,493	493,425	—	1,052,713	1,845,631
2013	475,000	393,364	—	875,218	1,743,582
2014	485,000	370,000	—	849,674	1,704,674
2015	500,000	380,000	—	823,330	1,703,330
2016	520,000	390,000	—	795,680	1,705,680
2017 – 2021	1,985,000	2,180,000	—	3,669,095	7,834,095
2022 – 2026	530,000	2,670,000	—	2,749,819	5,949,819
2027 – 2031	—	3,325,000	—	1,995,822	5,320,822
2032 – 2036	—	4,190,000	—	1,105,610	5,295,610
2037 – 2041	—	3,035,000	—	718,242	3,753,242
Totals	\$ 4,794,493	17,426,789	—	14,635,203	36,856,485
Jackson State University:					
2012	\$ 108,580	—	84,339	4,810,491	5,003,410
2013	801,761	—	86,887	4,526,543	5,415,191
2014	3,083,493	—	89,514	4,317,308	7,490,315
2015	2,979,493	—	92,220	4,194,727	7,266,440
2016	2,762,409	—	95,007	4,008,054	6,865,470
2017 – 2021	16,124,883	—	519,886	18,415,104	35,059,873
2022 – 2026	20,104,726	—	—	14,251,791	34,356,517
2027 – 2031	26,344,138	—	—	9,084,004	35,428,142
2032 – 2036	19,444,727	—	—	1,975,284	21,420,011
Totals	\$ 91,754,210	—	967,853	65,583,306	158,305,369

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi State University:					
2012	\$ 6,720,000	79,131	—	7,196,779	13,995,910
2013	6,985,000	—	—	6,914,978	13,899,978
2014	7,270,000	—	—	6,609,453	13,879,453
2015	7,520,000	—	—	6,270,063	13,790,063
2016	7,710,000	—	—	5,901,028	13,611,028
2017 – 2021	36,120,000	—	—	24,369,141	60,489,141
2022 – 2026	37,325,000	—	—	16,008,035	53,333,035
2027 – 2031	23,275,000	—	—	8,678,419	31,953,419
2032 – 2036	18,360,000	—	—	3,859,831	22,219,831
2037 – 2041	5,425,000	—	—	437,194	5,862,194
Totals	\$ 156,710,000	79,131	—	86,244,921	243,034,052
Mississippi University for Women:					
2012	\$ —	86,300	—	2,409	88,709
2013	—	14,954	—	274	15,228
Totals	\$ —	101,254	—	2,683	103,937
Mississippi Valley State University:					
2012	\$ 195,000	—	—	798,225	993,225
2013	230,000	—	—	790,425	1,020,425
2014	265,000	—	—	781,225	1,046,225
2015	290,000	—	—	770,625	1,060,625
2016	335,000	—	—	759,025	1,094,025
2017 – 2021	2,310,000	—	—	3,561,325	5,871,325
2022 – 2026	2,790,000	—	—	3,044,981	5,834,981
2027 – 2031	4,175,000	—	—	2,364,238	6,539,238
2032 – 2036	6,325,000	—	—	1,255,275	7,580,275
2037	1,585,000	—	—	71,325	1,656,325
Totals	\$ 18,500,000	—	—	14,196,669	32,696,669



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
University of Mississippi:					
2012	\$ 6,745,000	—	146,573	5,264,937	12,156,510
2013	7,015,000	—	152,874	5,006,552	12,174,426
2014	7,140,000	—	159,460	4,735,384	12,034,844
2015	7,435,000	—	166,345	4,450,074	12,051,419
2016	7,755,000	—	70,061	4,145,674	11,970,735
2017 – 2021	35,780,000	—	413,443	16,046,347	52,239,790
2022 – 2026	25,070,000	—	252,785	9,615,188	34,937,973
2027 – 2031	19,000,000	—	—	4,248,844	23,248,844
2032 – 2035	9,180,000	—	—	778,356	9,958,356
Totals	\$ 125,120,000	—	1,361,541	54,291,356	180,772,897
University of Southern Mississippi:					
2012	\$ 2,395,000	282,786	522,409	6,753,244	9,953,439
2013	2,600,000	200,888	593,683	6,623,882	10,018,453
2014	2,745,000	171,513	674,190	6,486,788	10,077,491
2015	3,050,000	171,829	759,203	6,330,729	10,311,761
2016	3,335,000	158,517	849,008	6,153,904	10,496,429
2017 – 2021	19,790,000	409,498	2,579,421	27,739,656	50,518,575
2022 – 2026	22,270,000	—	2,205,000	22,113,673	46,588,673
2027 – 2031	29,715,000	—	2,805,000	15,492,103	48,012,103
2032 – 2036	30,750,000	—	3,615,000	6,250,813	40,615,813
2037 – 2041	3,130,000	—	3,635,000	468,622	7,233,622
Totals	\$ 119,780,000	1,395,031	18,237,914	104,413,414	243,826,359
University of Mississippi Medical Center:					
2012	\$ 4,853,488	4,205,545	—	9,168,974	18,228,007
2013	4,751,590	1,190,228	—	8,826,006	14,767,824
2014	4,856,590	—	—	8,703,893	13,560,483
2015	5,046,590	—	—	8,505,493	13,552,083
2016	5,251,590	—	—	8,304,443	13,556,033
2017 – 2021	30,273,866	—	—	37,523,574	67,797,440
2022 – 2026	35,722,534	—	—	28,951,559	64,674,093
2027 – 2031	40,042,533	—	—	19,015,128	59,057,661
2032 – 2036	39,424,812	—	—	6,007,644	45,432,456
Totals	\$ 170,223,593	5,395,773	—	135,006,714	310,626,080

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Financial Statements

June 30, 2011 and 2010

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
State of Mississippi – Institutions of Higher Learning:					
2012	\$ 21,721,561	5,147,187	753,321	37,357,635	64,979,704
2013	23,198,351	1,799,434	833,444	35,862,566	61,693,795
2014	26,250,083	541,513	923,164	34,771,238	62,485,998
2015	27,221,083	551,829	1,017,768	33,616,479	62,407,159
2016	28,168,999	548,517	1,014,076	32,316,746	62,048,338
2017 – 2021	146,483,749	2,589,498	3,512,750	142,088,257	294,674,254
2022 – 2026	150,492,260	2,670,000	2,457,785	106,325,149	261,945,194
2027 – 2031	151,936,671	3,325,000	2,805,000	68,536,189	226,602,860
2032 – 2036	135,854,539	4,190,000	3,615,000	26,155,023	169,814,562
2037 – 2041	22,555,000	3,035,000	3,635,000	3,040,559	32,265,559
Totals	\$ <u>733,882,296</u>	<u>24,397,978</u>	<u>20,567,308</u>	<u>520,069,841</u>	<u>1,298,917,423</u>

(a) ***Delta State University***

Current Year Capital Lease Transaction

Delta State University has entered into a Lease Purchase Agreement with Statesman Housing LLC (SHL) for the use of a 362 bed residence hall and a 32 unit apartment complex located on the DSU campus to house students, faculty and staff, starting in August 2010. Mississippi Business Finance Corporation (MBFC) issued \$17,065,000 MBFC Revenue Bonds and \$175,000 MBFC Taxable Revenue Bonds to build the facilities, and SHL will utilize the lease payments from DSU to pay the debt for the building. SHL will make principal payments annually starting September 1, 2012 and ending June 1, 2039. The lease payments are \$172,500 to \$530,000 to be submitted semiannually on March 1 and September 1, starting September 1, 2011. This includes interest of 4.21% to 4.81% variable rate. Upon expiration of the 29 year lease on March 1, 2039 the University has the right to purchase the Residence Hall and Apartment Complex for the sum of One Dollar (\$1).

(b) ***Jackson State University***

Defeased Bonds

During 2010 and in prior years, Jackson State University Educational Building Corporation (JSUEBC) defeased certain outstanding bonds by depositing the new proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all remaining principal and interest payments on defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. On March 1, 2011, the previously defeased 2004-B Bond was paid in its entirety from escrowed funds in the amount of \$24,888,247. At June 30, 2011, approximately \$47,131,281 was held in irrevocable trusts for outstanding bonds (including prior years' refundings) which are considered defeased.

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## Notes to Financial Statements

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### Interest Rate Exchange Agreements (Swaps)

To lower exposure to rising interest rates, during FY 2009 JSUEBC entered into an interest rate swap agreement with a notional amount of \$44,030,000 in order to hedge the interest rate on its Series 2007 bonds. As of the trade date, September 11, 2008, the interest rate swap agreement was fixed at a rate considered off-market and JSUEBC received an upfront payment of \$1,095,000, which was accounted for as a borrowing liability that was to be repaid over the life of the swap agreement once it becomes effective. The effective date of the swap agreement related to the Series 2007 bonds is March 1, 2015, at which time JSUEBC will pay the counterparty at a fixed rate of 5% and receive a variable rate indexed to the SIFMA Municipal Swap Index rate. This swap agreement expires on March 1, 2034 and interest payments are settled semi-annually.

In June 2008, the GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which became effective for the University for the fiscal year beginning July 1, 2009. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments and specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The new standard provides specific criteria that governments are to use to determine whether a derivative instrument will result in an effective hedge. Changes in fair value for effective hedges that are achieved with derivative instruments will be recorded in the reporting period to which they relate. The changes in fair value of these hedging derivative instruments do not affect current investment revenue, but are instead reported as deferrals in the statement of net assets. Derivative instruments that either do not meet the criteria for an effective hedge or are associated with investments that are already reported at fair value are classified as investment derivative instruments for financial reporting purposes. Changes in fair value of those derivative instruments are reported as part of investment revenue in the current reporting period. JSU adopted the provisions of this statement during 2010 and as a result measured the fair value of the swap agreement which is carried in other noncurrent assets and which approximated \$3,612,183 as of June 30, 2011. Management has determined that the swap agreement is an effective hedge as of June 30, 2011.

The fair value of the swap agreement was calculated by the counterparty using systems derived from both proprietary models as of a given date based on certain assumptions regarding past, present and further market conditions and certain financial information from sources that the counterparty believes to be reliable.

JSUEBC is exposed to credit risk in the amount of the swap agreement's fair value of \$3.6 million and \$3.8 million as of June 30, 2011 and 2010, respectively. To mitigate the potential credit risk, the interest rate swap agreement includes provisions for collateral thresholds and transfer amounts that correspond to the credit rating of the swap counterparty's senior unsecured debt. The debt of the counterparty was rated Aa2 by Moody's Investors and AA- by Standard & Poor's as of June 30, 2011 and 2010. Any required collateralizations will be in the form of U.S. government securities and posted with a third-party custodian.

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In addition, JSUEBC may be exposed to certain other risks, including interest rate risk, basis risk, market-access risk and termination risk, on the interest rate swap's effective date of March 1, 2015 in the event the Series 2007 bonds cannot be successfully remarketed or remarketed at terms different than currently anticipated in the hedging strategy.

JSUEBC or the counterparty may terminate the interest rate swap agreement if the other party fails to perform under the terms of the contract. If at the time of termination, the fair value of the interest rate swap agreement is negative, JSUEBC would be liable to the counterparty for a payment equal to the fair value of the interest rate swap agreement.

The upfront payment of \$1,095,000 received by JSUEBC and accounted for as an other borrowing liability is repayable over the life of the interest rate swap agreement beginning on its respective effective date based upon an imputed portion of the fixed rate payor settlements. This other borrowing accrues interest at a discount rate of approximately 4.60% annually and accrued interest as of June 30, 2011 approximated \$137,605.

**(c) *Mississippi State University***

On July 28, 2011, the Mississippi State University Educational Building Corporation issued bonds totaling \$54,370,000 (Series 2011) for student housing construction. Semi-annual interest rates range from 2.0% to 5.0%. The bonds are scheduled to be retired in full in August of 2041.

**(d) *University of Mississippi***

On October 26, 2011, the University of Mississippi Educational Building Corporation issued bonds totaling \$27,995,000 (Series 2011) for student housing construction. Semi-annual interest rates range from 2.0% to 5.0%. The bonds are scheduled to be retired in full in October of 2031.

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Notes to Financial Statements

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**(9) Natural Classifications with Functional Classifications**

The IHL System's operating expenses by functional classification were as follows for the years ended June 30, 2011 and 2010:

Functional classification	2011									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 395,937,490	109,311,242	10,093,758	35,961,763	87,513	3,184,274	20,838,561	—	512,704	575,927,305
Research	152,353,535	44,291,606	9,560,078	74,633,488	2,974,140	1,191,421	33,749,887	—	1,545,877	320,300,032
Public service	74,540,592	21,685,325	5,696,633	38,169,294	905,560	365,323	11,448,965	—	40,564	152,852,256
Academic support	70,790,394	18,858,643	2,936,754	29,179,665	532,855	674,875	11,486,516	—	248,421	134,708,123
Student services	35,766,822	10,697,278	4,113,522	10,264,200	257,047	533,320	6,046,114	—	64,850	67,743,153
Institutional support	113,077,874	28,144,608	2,435,410	70,277,795	411,277	282,992	18,567,631	—	2,918,574	236,116,161
Operation of plant	46,063,624	14,073,376	300,754	36,218,453	39,127,687	—	7,742,837	—	2,396,416	145,923,147
Student aid	4,371,997	3,094,685	31,921	1,925,723	—	169,467,876	270,126	—	—	179,162,328
Auxiliary enterprises	56,835,119	14,686,395	9,439,889	50,501,550	12,048,100	14,327,136	22,918,286	—	217,030	180,973,505
Depreciation	—	—	—	—	—	—	—	129,645,671	—	129,645,671
Hospital	295,788,896	76,933,020	333,994	121,215,256	8,059,307	—	152,468,263	—	—	654,798,736
Loan fund expense	—	—	—	8,218	—	—	7,012	—	3,646,512	3,661,742
Other	17,813	(802,987)	1,833	—	—	—	28,102	—	22,011	(733,228)
	<u>1,245,544,156</u>	<u>340,973,191</u>	<u>44,944,546</u>	<u>468,355,405</u>	<u>64,403,486</u>	<u>190,027,217</u>	<u>285,572,300</u>	<u>129,645,671</u>	<u>11,612,959</u>	<u>2,781,078,931</u>
Elimination entities	—	—	—	(40,187,893)	—	(15,880,841)	—	—	—	(56,068,734)
Total operating expense	<u>\$ 1,245,544,156</u>	<u>340,973,191</u>	<u>44,944,546</u>	<u>428,167,512</u>	<u>64,403,486</u>	<u>174,146,376</u>	<u>285,572,300</u>	<u>129,645,671</u>	<u>11,612,959</u>	<u>2,725,010,197</u>

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

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Functional classification	2010									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 397,535,031	110,760,046	9,165,522	42,023,809	166,158	2,910,892	18,653,881	—	149,445	581,364,784
Research	152,460,581	43,874,765	8,953,790	90,957,658	2,810,053	2,682,208	30,684,495	—	339,035	332,762,585
Public service	79,452,580	22,493,879	5,669,695	44,105,140	913,969	1,026,354	7,399,061	—	15,973	161,076,651
Academic support	71,550,685	18,899,971	2,419,116	27,986,475	479,460	580,918	9,368,650	—	191,764	131,477,039
Student services	36,466,358	10,280,023	4,066,103	8,722,104	205,186	1,683,876	5,666,496	—	19,456	67,109,602
Institutional support	110,816,476	26,438,421	2,415,860	65,230,630	149,450	301,140	20,831,914	—	2,431,270	228,615,161
Operation of plant	47,133,360	15,057,581	67,254	34,106,472	37,687,635	—	14,094,222	—	110,837	148,257,361
Student aid	4,438,707	3,110,105	24,275	1,327,916	—	158,216,960	281,385	—	8,777	167,408,125
Auxiliary enterprises	55,172,733	14,224,819	8,542,081	45,441,726	11,383,885	13,551,581	18,938,216	4,152	78,793	167,337,986
Depreciation	—	—	—	—	—	—	—	115,967,646	—	115,967,646
Hospital	256,219,732	68,929,995	310,204	109,894,103	7,992,311	—	149,407,510	—	—	592,753,855
Loan fund expense	—	—	—	—	—	—	72,278	—	2,538,239	2,610,517
Other	—	96,346	—	—	—	—	—	—	—	96,346
	<u>1,211,246,243</u>	<u>334,165,951</u>	<u>41,633,900</u>	<u>469,796,033</u>	<u>61,788,107</u>	<u>180,953,929</u>	<u>275,398,108</u>	<u>115,971,798</u>	<u>5,883,589</u>	<u>2,696,837,658</u>
Elimination entities	—	—	—	(35,514,467)	—	(16,145,095)	—	—	—	(51,659,562)
Total operating expense	\$ <u>1,211,246,243</u>	<u>334,165,951</u>	<u>41,633,900</u>	<u>434,281,566</u>	<u>61,788,107</u>	<u>164,808,834</u>	<u>275,398,108</u>	<u>115,971,798</u>	<u>5,883,589</u>	<u>2,645,178,096</u>

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**(10) Operating Leases**

Leased property under operating leases is composed of office rent, land, computer software and equipment. The following is a schedule by year of the future minimum rental payments required under noncancelable operating leases for the next five years:

Year ending June 30:	<u>Amount</u>
2012	\$ 18,098,005
2013	15,162,931
2014	12,643,569
2015	11,842,619
2016	11,368,342
2017 - 2021	<u>37,273,765</u>
Total minimum payments required	<u>\$ 106,389,231</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the years ending June 30, 2011 and 2010 approximated \$20,224,567 and \$15,793,909, respectively.

**(11) Construction Commitments and Financing**

The IHL System has contracted for various construction projects as of June 30, 2011 and 2010. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

		<u>2011</u>			
		<u>Total costs to complete</u>	<u>Funded by</u>		
		<u>Federal sources</u>	<u>State sources</u>	<u>Institutional sources</u>	
Alcorn State University	\$ 8,913,493	2,204,158	1,421,022	5,288,313	—
Delta State University	969,735	—	969,735	—	—
Jackson State University	8,677,927	—	8,677,927	—	—
Mississippi State University	166,202,373	11,444,963	60,886,121	92,561,289	1,310,000
Mississippi University Women	6,683,021	—	6,683,021	—	—
Mississippi Valley State University	31,889,104	—	23,509,987	8,379,117	—
University of Mississippi	123,679,000	31,500,000	25,565,000	66,408,000	206,000
University of Southern Mississippi	9,483,689	49,810	9,177,038	256,841	—
University of Mississippi Medical Center	34,783,092	—	—	31,506,343	3,276,749
Totals	<u>\$ 391,281,434</u>	<u>45,198,931</u>	<u>136,889,851</u>	<u>204,399,903</u>	<u>4,792,749</u>

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	<b>2010</b>				
	<b>Total costs to complete</b>	<b>Funded by</b>			
		<b>Federal sources</b>	<b>State sources</b>	<b>Institutional sources</b>	<b>Other</b>
Alcorn State University	\$ 12,526,380	2,732,003	4,506,064	5,288,313	—
Delta State University	3,565,213	—	3,565,213	—	—
Jackson State University	21,764,221	—	17,113,883	4,650,338	—
Mississippi State University	107,432,018	11,134,963	50,073,855	45,573,200	650,000
Mississippi University Women	28,801,000	—	28,801,000	—	—
Mississippi Valley State University	23,054,000	—	23,054,000	—	—
University of Mississippi	104,750,000	57,130,000	27,540,000	10,812,000	9,268,000
University of Southern Mississippi	12,292,439	1,416,742	1,573,131	9,302,566	—
University of Mississippi Medical Center	26,762,852	—	—	20,111,324	6,651,528
<b>Totals</b>	<b>\$ 340,948,123</b>	<b>72,413,708</b>	<b>156,227,146</b>	<b>95,737,741</b>	<b>16,569,528</b>

**(12) Donor Restricted Endowments**

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$42,705,000 and \$27,061,000 as of June 30, 2011 and 2010, respectively. These amounts are included in the accompanying statement of net assets in “net assets –expendable for other purposes”, and “net assets – expendable for scholarships and fellowships”.

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

**(13) Pension Plan**

**(a) 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 issues 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 System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**(b) 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



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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.

**(c) Funding Policy**

PERS members are required to contribute 9% of their annual salary and the institution is required to contribute at an actuarially determined rate. The actuarially determined rate was 12% of annual covered payroll at June 30, 2011 and 2010. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The IHL System's contributions to PERS for the years ending June 30, 2011 and 2010 were \$104,773,765 and \$101,915,820, respectively. Such contributions equaled the required contributions for each respective year.

The membership of the ORP is composed of teachers and administrators of the IHL System appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The IHL System's contributions to ORP for the years ending June 30, 2011 and 2010 were \$32,785,226 and \$31,104,963, respectively, which equaled its required contributions for each respective year.

**(14) Self-Insured Worker's Compensation Fund**

The IHL System participates in the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund (the WC Fund). The WC Fund provides a mechanism for the institutions to fund and budget for the costs of providing worker compensation benefits to eligible employees. The WC Fund 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. Total assets and liabilities related to this activity approximated \$19,229,980 and \$19,229,980, at June 30, 2011, respectively, and approximated \$10,003,211 and \$17,519,072, at June 30, 2010, respectively, and are included in the statement of net assets.

A professionally licensed actuarial firm was contracted to establish a liability for both reported and unreported insured events, which includes estimates of future payments of losses. The difference between the assets and liabilities of the fund is not expected to impact the WC Fund's ability to pay claims.

In order to minimize the amount of risk and in accordance with self-insurance general practices, the WC Fund purchases excess loss insurance to cover risks exceeding \$1,000,000 per occurrence. Excess loss insurance premiums for the years ended June 30, 2011 and 2010 were approximately \$324,000 and \$334,000, respectively. Excess loss insurance does not discharge the WC Fund from its primary liability to cover the IHL System's claims. Consequently, failure of the insurer to honor its obligation could result in losses to the WC Fund.

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The following represents changes in the unpaid claims liabilities for the IHL System's portion of the WC Fund for the years ended June 30, 2011, 2010, and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Accrued claims at beginning of year	\$ 17,375,000	14,664,000	14,912,000
Incurred claims:			
Provision for insured events of the current year	7,904,000	9,254,000	6,869,000
Decrease in provision for insured events of prior years	<u>(464,000)</u>	<u>3,000</u>	<u>(2,122,000)</u>
Total incurred claims and claims adjustment expenses	<u>7,440,000</u>	<u>9,257,000</u>	<u>4,747,000</u>
Claim payments:			
Claims attributable to insured events of the current year	1,562,000	2,556,000	1,483,000
Claims attributable to insured events of prior years	<u>4,171,000</u>	<u>3,990,000</u>	<u>3,512,000</u>
Total payments	<u>5,733,000</u>	<u>6,546,000</u>	<u>4,995,000</u>
Total accrued claims at end of year	\$ <u><u>19,082,000</u></u>	<u><u>17,375,000</u></u>	<u><u>14,664,000</u></u>

Total accrued claims, included in other liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$2,201,000 and \$1,972,000 as of June 30, 2011 and 2010, respectively.

**(15) Unemployment Trust Fund**

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund provides a mechanism for the IHL System to fund and budget for the costs of providing unemployment benefits to eligible former employees. The Unemployment Fund does not pay benefits directly to former employees. Rather, it reimburses the Mississippi Department of Employment Security for benefits it pays directly to former IHL System employees. The assets and liabilities, included in other liabilities, related to this activity equaled \$1,965,597 and \$2,656,113 at June 30, 2011, respectively and approximated \$1,714,549 and \$2,275,838 at June 30, 2010, respectively, and are included in the statement of net assets.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2011 and 2010. The actuarial firm recommended a minimum funding level of \$2.5 million as of June 30, 2011. They concluded that the actual assets of the Unemployment Fund, which equaled \$1,965,597 at June 30, 2011, were lower than the recommended minimum. This fact would be considered by the IHL when determining future funding rates.

**(16) Tort Liability Fund and Other Contingencies**

The IHL System participates in the State Institutions of Higher Learning Tort Liability Fund (the IHL Tort Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), 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 a certain portion of its liability under the Mississippi Tort

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Claims Act and professional liability claims. The IHL Board established the IHL Tort Fund to provide self-insurance.

Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum limit of liability of \$500,000 per occurrence is currently permissible

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the IHL Tort Fund as of June 30, 2011 and 2010. Total assets and liabilities related to this activity approximated \$12,867,086 and \$11,798,397 at June 30, 2011, respectively, and approximated \$12,021,355 and \$11,628,797 at June 30, 2010, respectively, and are included in the statement of net assets.

The following represents changes in the unpaid claims liabilities for the IHL System's portion of the IHL Tort Fund during the period ended June 30, 2011, 2010, and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Accrued claims at beginning of year	\$ 11,566,000	10,892,000	7,829,000
Incurred claims:			
Provision for insured events of the current year	2,856,000	2,401,000	2,411,000
Increase (decrease) in provision for insured events of prior years	<u>(1,027,000)</u>	<u>(626,000)</u>	<u>2,213,000</u>
Total incurred claims and claims adjustment expense	<u>1,829,000</u>	<u>1,775,000</u>	<u>4,624,000</u>
Claims paid:			
Claims attributable to insured events of the current year	63,000	22,000	119,000
Claims attributable to insured events of prior years	<u>1,586,000</u>	<u>1,079,000</u>	<u>1,442,000</u>
Total payments	<u>1,649,000</u>	<u>1,101,000</u>	<u>1,561,000</u>
Total accrued claims at end of year	\$ <u><u>11,746,000</u></u>	<u><u>11,566,000</u></u>	<u><u>10,892,000</u></u>

Total accrued claims, included in other liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$1,291,000 and \$1,273,000 as of June 30, 2011 and 2010, respectively.

In addition to claims covered by the IHL Tort Fund and the UMMC Tort Fund (described more fully below), the IHL System is defendant in various other legal matters occurring in the normal course of business activities. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse impact on the IHL System's financial statements.

**(17) University of Mississippi Medical Center Tort Claims Fund**

The University of Mississippi Medical Center participates in the University of Mississippi Medical Center Tort Claims Fund (UMMC Tort Claims Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board of Trustees of the

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IHL System to establish a fund to self-insure a 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 limit of liability of \$500,000 per occurrence is currently permissible.

The Board of Trustees of Higher Learning has established a Medical Center Tort Claims fund to pay claims up to the maximum liability limits described above. Losses from professional and tort liability claims of the Medical Center are the responsibility of the Medical Center Tort Claims Fund.

Total assets and liabilities related to this activity approximated \$38,956,169 and \$35,072,061 at June 30, 2011, respectively, and are included in the Statement of Net Assets.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis to establish a liability for both reported, and unreported insured events, which includes estimates of future payments of losses.

The following represents changes in the unpaid claims liabilities for the IHL System's portion of the UMMC Tort Claims Fund for the years ended June 30, 2011, 2010, and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Accrued claims at beginning of year	\$ 30,119,000	26,987,000	24,747,000
Incurred claims:			
Provision for insured events of the current year	7,928,000	8,567,000	6,713,000
Decrease in provision for insured events of prior years	<u>(690,000)</u>	<u>877,000</u>	<u>(391,000)</u>
Total incurred claims	<u>7,238,000</u>	<u>9,444,000</u>	<u>6,322,000</u>
Payments:			
Claims attributable to insured events of the current year	579,000	448,000	9,000
Claims attributable to insured events of prior years	<u>3,932,000</u>	<u>5,864,000</u>	<u>4,073,000</u>
Total payments	<u>4,511,000</u>	<u>6,312,000</u>	<u>4,082,000</u>
Total accrued claims at end of year	\$ <u><u>32,846,000</u></u>	<u><u>30,119,000</u></u>	<u><u>26,987,000</u></u>

At June 30, 2011, unpaid claims, included in other liabilities, of \$36,698,000 are presented at their net present value of \$32,846,000.

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**(18) Significant Disclosures for the Discretely Presented Component Unit of the IHL System – Mississippi State University Foundation, Inc.**

**(a) Significant Accounting Policies**

**i) Organization**

Mississippi State University Foundation, Inc. (MSUF) is a not-for-profit entity established to solicit and manage funds for the benefit of Mississippi State University. MSUF also manages funds for affiliates of MSU, including MSU Alumni Association, MSU Alumni Foundation, MSU Bulldog Club, Inc. and MSU Bulldog Foundation.

**ii) Basis of Accounting**

The MSUF financial statements include MSUF and the Mississippi State Investment Pool in which MSUF has a significant financial interest and control. These financial statements, which are presented on the accrual basis of accounting and follow Financial Accounting Standards Board (FASB) statements, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes – permanently restricted, temporarily restricted or unrestricted as follows:

*Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by MSUF. Generally, the donor of these assets permits MSUF to use all or part of the income earned on related investments for general or specific purposes in support of MSU.

*Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that will be met by actions of MSUF and/or the passage of time.

*Unrestricted net assets* – net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

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Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributed goods and services are recorded as revenues and expenses in the statement of activities at estimated fair value.

### *iii) Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

An estimate that is particularly susceptible to significant change in the near term relates to the allowance for uncollectible pledges.

MSUF's investments are invested in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in MSUF's financial statements.

### *iv) Fair Value Measurements*

The carrying amounts reported in the statement of financial position for cash, other receivables, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. The carrying amount of pledges receivable approximates fair value as they are presented on a discounted basis. The fair value of the notes receivable and note payable has been estimated using current interest rates and approximate the carrying amounts at June 30, 2011. Investments and amounts due from externally managed trusts are reflected in the accompanying financial statements at fair value. The fair value of annuity obligations approximates carrying value at June 30, 2011 due to discount rates and actuarial assumptions used in the calculation of MSUF's liability.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that MSUF has the ability to access at the measurement date;

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- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the 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.

Shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable, are classified as Level 2 or Level 3. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of MSUF's interest therein, its classification in Level 2 is based on MSUF's ability to redeem its interest at or near the date of the statement of financial position. If the interest can be redeemed in the near term, the investment is classified in Level 2, otherwise the investment is classified in Level 3. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

#### v) *Investments*

##### Overall Investment Objective

The overall investment objective of MSUF is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund donor-designated directives and maintain each fund's inflation-adjusted impact. MSUF diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by MSUF's Investment Committee, which oversees its investment program in accordance with an established investment policy.

##### Mississippi State Investment Pool

MSUF, MSU, the MSU Alumni Foundation, and the MSU Bulldog Club, Inc. are participants in a joint venture, the Mississippi State Investment Pool (MSIP), whereby certain assets are pooled for investment purposes. MSUF is the investment pool's managing member, manages the assets of the pool, and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the MSIP are allocated to each participant based on their share of ownership of the MSIP. Due to MSUF's significant financial interest in and control of the MSIP, MSUF has consolidated the MSIP reflecting the noncontrolling interests of the other three participants in its financial statements. As of June 30, 2011, MSUF's financial statements include \$45,200,866 for their noncontrolling share within investments and unrestricted net assets related to noncontrolling interests. MSUF recorded \$7,703,119 of gains associated with these investments in fiscal 2011, which is reported in net investment income.

During 2011, management identified that the MSIP should be consolidated with MSUF. This error arose in periods prior to June 30, 2010. As a result, management determined that an adjustment to increase investments and minority interest liability in the amount of \$36,944,852

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as previously reported at June 30, 2010 was necessary to correct for this immaterial error. There was no change to the total net assets on the statement of financial position as of June 30, 2010 or the total change in net assets for the year ended June 30, 2010. MSUF implemented the provisions of FASB Accounting Standards Codification Topic 810-10, *Noncontrolling Interests in Consolidated Financial Statements*, which reclassified the minority interest liability to unrestricted net assets related to noncontrolling interests as of June 30, 2010.

#### Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, MSUF may also hold shares or units in alternative investment vehicles involving hedged, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Private equity funds employ buyout and venture capital strategies and focus on investments in turn-around situations. Real asset strategies include natural resources and contributed properties held for investment. Natural resources funds generally hold interests in timber management organizations and master limited partnerships. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of MSUF's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets. Cash held for reinvestment consists of liquid short-term investments held by the investment pool.

#### Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by MSUF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the SEC are based on share prices reported by the funds as of the last business day of the fiscal year. MSUF's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used a practical expedient to estimate the fair value of MSUF's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2011, MSUF had no plans or intentions to sell investments at amounts different from NAV. Properties held for investment are reported at estimated fair value based on periodic appraisals conducted by third-party appraisers.



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vi) *Pledges*

All unconditional promises to give are recorded at their estimated realizable value on a discounted basis.

Externally managed trusts consist of irrevocable charitable lead trusts, charitable remainder trusts, and perpetual trusts whereby MSUF is the beneficiary, not the trustee. MSUF records these trusts, after discovery of their existence, at the present value of the estimated future cash receipts from the assets of the trust.

(b) *Investments*

Investments are summarized as follows at June 30, 2011:

Fixed income securities	\$ 67,112,840
Equity securities	147,675,903
Hedged funds	64,247,790
Private equity and venture capital funds	4,309,013
Natural resources	16,521,777
Short-term investments	7,838,602
Contributed properties held for investment	14,723,873
Cash surrender value of life insurance	1,658,374
	<u>\$ 324,088,172</u>

Total investments include a portion of an investment vehicle controlled by MSUF (see note (a)(v)) that totaled \$45,200,866 as of June 30, 2011.

The following schedule summarizes net investment income in the statements of activities for the year ended June 30, 2011:

Dividends and interest (net of expenses of \$819,488)	\$ 7,215,742
Net realized and unrealized gains	44,858,253
	<u>\$ 52,073,995</u>

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**(c) Pledges Receivable**

Pledges receivable, net, are summarized as follows at June 30, 2011:

Unconditional promises expected to be collected in:	
Less than one year	\$ 8,087,092
One year to five years	10,736,142
Over five years	<u>2,074,617</u>
	20,897,851
Less unamortized discount (rates ranging from 1% to 5%)	<u>(1,457,066)</u>
	19,440,785
Less allowance for uncollectible pledges	<u>(972,113)</u>
	<u><u>\$ 18,468,672</u></u>

**(d) Net Assets**

Temporarily restricted and permanently restricted net assets at June 30, 2011 were available for the following purposes:

	Net assets	
	Temporarily restricted	Permanently restricted
Specified college programs	\$ 21,040,153	84,528,129
Student financial aid	22,006,189	102,304,733
Research	1,793,854	16,506,068
Faculty and staff support	5,793,346	42,752,094
Facilities	3,402,278	6,955,463
Other	<u>3,611,483</u>	<u>2,339,630</u>
Total	<u><u>\$ 57,647,303</u></u>	<u><u>255,386,117</u></u>

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(e) ***Fair Value Measurements***

The following table summarizes MSUF's assets by major category in the fair value hierarchy as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Redemption or Liquidation</u>	<u>Days' Notice</u>
Fixed income:						
Fixed income securities	\$ 269,892	10,859,387	—	11,129,279	Daily	1
Fixed income - mutual funds	55,983,561	—	—	55,983,561	Daily	1
Total fixed income	<u>56,253,453</u>	<u>10,859,387</u>	<u>—</u>	<u>67,112,840</u>		
Equities:						
Domestic large cap/mid cap	556,374	50,470,385	—	51,026,759	Daily	1-3
Domestic small cap	25,728,266	—	—	25,728,266	Daily	3
Non-U.S. equity	49,489,027	15,413,619	—	64,902,646	Daily/monthly	1-15
Real-estate investment trusts	6,018,232	—	—	6,018,232	Daily	1
Total equities	<u>81,791,899</u>	<u>65,884,004</u>	<u>—</u>	<u>147,675,903</u>		
Hedged funds	—	—	64,247,790	64,247,790	(1)	(1)
Private equity and venture capital funds	—	—	4,309,013	4,309,013	Illiquid (2)	—
Natural resources	—	—	16,521,777	16,521,777	(3)	(3)
Short-term investments	7,838,602	—	—	7,838,602	Daily	1
Contributed properties held for investment	—	—	14,723,873	14,723,873	Illiquid (4)	—
Cash surrender value of life insurance	—	1,658,374	—	1,658,374	(5)	(5)
Total investments	<u>\$ 145,883,954</u>	<u>78,401,765</u>	<u>99,802,453</u>	<u>324,088,172</u>		
Present value of amounts due from externally managed trusts	\$ —	34,343,134	—	34,343,134		

- (1) Some of the hedge fund investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 15 to 180 days notice after the initial lock up period, which may be monthly, quarterly, or annually. At June 30, 2011, MSUF had no alternative investment funds for which an otherwise redeemable investment was not redeemable.
- (2) These funds have ten-year terms or twelve-year terms, with extensions of one to four years, and are expected to liquidate prior to fund closing; future commitments to these funds approximate \$12,000,000 at June 30, 2011. Private equity and venture capital investments are generally made through limited partnerships. Under the terms of such agreements, the MSIP may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. MSUF cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.
- (3) One partnership expected to terminate in May 2019, but is subject to two 2-year extensions. The master limited partnership allows for monthly redemptions with 30 days notice.
- (4) Bulldog Forest properties may be held in perpetuity or liquidated at the MSUF's discretion. Other properties are for immediate sale.
- (5) MSUF currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if the insurance policy is cancelled.

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The following table presents MSUF's activities for the year ended June 30, 2011 for investments classified in Level 3:

	<u>Hedged funds</u>	<u>Private equity and venture capital funds</u>	<u>Natural resources</u>	<u>Properties held for investment</u>	<u>Total</u>
Beginning value as of July 1, 2010	\$ 57,964,685	3,653,771	14,582,843	10,287,397	86,488,696
Acquisitions	—	401,955	—	4,979,481	5,381,436
Dispositions	(310,682)	(712,200)	(143,733)	(470,190)	(1,636,805)
Net realized and unrealized gains (losses)	<u>6,593,787</u>	<u>965,487</u>	<u>2,082,667</u>	<u>(72,815)</u>	<u>9,569,126</u>
Fair value at June 30, 2011	<u>\$ 64,247,790</u>	<u>4,309,013</u>	<u>16,521,777</u>	<u>14,723,873</u>	<u>99,802,453</u>

*(f) Endowment*

MSUF's endowment consists of approximately 1000 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors of MSUF (the MSUF Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*i) Interpretations of Relevant Law*

The MSUF Board has interpreted the State of Mississippi Code of 1972 §79-11-601 through §79-11-617 cited as the "Uniform Management of Institutional Funds Act" (UMIFA) as requiring the MSUF Board to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with UMIFA, the MSUF Board may expend so much of an endowment fund's net appreciation as the MSUF Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The MSUF Board considered the following factors in making its determination:

- 1) The purpose of MSUF
- 2) The intent of the donor of the endowment fund
- 3) The terms of the applicable instrument
- 4) The long-term and short-term needs of MSUF and MSU in carrying out their purposes
- 5) General economic conditions
- 6) The possible effect of inflation or deflation

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7) The other resources of MSUF and MSU

### *ii) Perpetuation of the endowment*

As a result of this interpretation, the MSUF Board classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UMIFA. However, by MSUF Board policy, any appreciation is considered an asset of each individual endowment fund and is not appropriated for general MSUF or MSU use.

### *iii) Spending Policy*

MSUF's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the MSUF Board considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment asset. Over the long-term, the current spending policy is designed to return a net positive gain in market value (growth) after spendable transfers.

The annual rate for spendable transfers, distributed semi-annually, is 4% of the investment pool's average unit value over the most recent 36-month period. In addition, each endowed fund is assessed an annual 1.25% administrative fee. This fee is a portion of the funding mechanism for the development and alumni programs of MSU.

### *iv) Investment Policy*

MSUF's investment objectives are to provide an annualized real (adjusted for inflation) rate of return of 5% or more in order to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support activities of the funds held for the colleges and units of MSU. This policy is designed to tolerate volatility in short and intermediate-term performance. The endowment assets are invested as a part of the investment pool.

To satisfy its long-term rate of return objectives, the pool embraces a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MSUF, through the Mississippi State Investment Pool, targets a diversified asset allocation that includes global equities, fixed income, natural resources, and hedge strategies to achieve long-term objectives within prudent risk constraints.

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Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,244,912)	27,700,700	245,320,242	271,776,030
Board-designated endowment funds	<u>12,922,751</u>	<u>—</u>	<u>—</u>	<u>12,922,751</u>
Total funds	\$ <u><u>11,677,839</u></u>	<u><u>27,700,700</u></u>	<u><u>245,320,242</u></u>	<u><u>284,698,781</u></u>

Changes in endowment net assets for the fiscal year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 147,681	6,057,746	229,516,188	235,721,615
Investment return:				
Investment income	411,886	3,522,438		3,934,324
Net appreciation (realized and unrealized)	<u>11,109,309</u>	<u>24,888,378</u>	<u>519,038</u>	<u>36,516,725</u>
Total investment return	11,521,195	28,410,816	519,038	40,451,049
Contributions			11,684,459	11,684,459
Appropriation of endowment assets for expenditure	(679,183)	(6,767,862)		(7,447,045)
Other changes:				
Other transfers	688,146			688,146
Change in restrictions by donor			(1,690,000)	(1,690,000)
Change in value of split interest agreements			<u>5,290,557</u>	<u>5,290,557</u>
Endowment net assets, end of year	\$ <u><u>11,677,839</u></u>	<u><u>27,700,700</u></u>	<u><u>245,320,242</u></u>	<u><u>284,698,781</u></u>

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## Notes to Financial Statements

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v) *Funds with deficiencies*

As a result of market declines for certain recently established endowments, the fair value of certain donor-restricted endowments was less than the historical cost value (original gift/book value) of such funds (“underwater”) by \$1,244,912.

These losses have been recorded as reductions in unrestricted net assets in accordance with U.S. generally accepted accounting principles. Future gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

(19) **Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Mississippi Foundation**

(a) *Significant Accounting Policies*

i) *Organization*

The University of Mississippi Foundation (UMF) is a nonprofit, nonstock corporation formed for the benefit of The University of Mississippi. UMF promotes, encourages, and assists educational, scientific, literary, research, and service activities of UM and its affiliates.

ii) *Basis of Accounting*

These financial statements, which are presented on the accrual basis of accounting and follow Financial Accounting Standards Board (FASB) statements, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes – permanently restricted, temporarily restricted or unrestricted as follows:

*Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by UMF. Generally, the donor of these assets permits UMF to use all or part of the income earned on related investments for general or specific purposes in support of UM.

*Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that will be met by actions of UMF and/or the passage of time.

*Unrestricted net assets* – net assets which represent resources granted from operations or that are not subject to donor-imposed stipulations.

iii) *Use of Estimates*

UMF prepares its financial statements in accordance with U.S. generally accepted accounting principles, which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Such estimates include the present value discount rates applied to the pledges receivable and liabilities under remainder trusts, allowance for uncollectible pledges, fair market values of certain investments including

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real estate, partnership and member interests, and depreciation of property and equipment. Actual results could differ significantly from those estimates.

UMF's investments are primarily invested in various types of investment securities within many markets. Investment securities are exposed to several risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in UMF's financial statements.

### *iv) Donor-Imposed Restrictions*

The financial statements report amounts in three classes of net assets – unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets – based on the existence or absence of donor-imposed restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. UMF considers donor contributions to the various UM schools and departments to be temporarily restricted as those UM units have authority over expenditures. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted.

When a donor restriction expires or the stated purpose is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of activities as net assets released from restriction.

The permanently restricted net assets include the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from investment thereof be expended. The purpose of such expenditure may also be specified by the donor.

### *v) Revenue Recognition*

UMF generally recognizes gifts as revenue when notified of an unconditional promise to give. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts on these amounts are computed using risk-free interest rates at the time of the pledge which are applicable to the years in which the pledges are scheduled to be received. Accretion of the discounts is included in contribution revenues. An allowance for uncollectible amounts is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fund-raising activity. Investments received by gift are recorded at fair value at the date of donation.

### *vi) Investments*

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which include certain private equity investments and hedge funds) are based on quoted market prices and other observable inputs such as quoted



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prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. UMF's partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the UM's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2011, UMF had no plans or intentions to sell investments at amounts different from NAV. UMF's real estate investments are also carried at fair value based on appraisal values at the date of receipt and as subsequently updated. Both realized and unrealized gains and losses are classified in the accompanying statements of activities based on restrictions put in place by the donor.

*vii) Fair Value of Financial Instruments*

The carrying amounts at June 30, 2011 for cash and cash equivalents, pledges receivable, beneficial interest in remainder trust, funds held for others, liabilities under remainder trusts, and other liabilities approximate their fair values.

*(b) Pledges Receivable*

UMF obtains pledges through fund-raising projects in support of various activities. At June 30, 2011, pledges mature at various dates through 2032 (approximately \$6,281,000 is due in fiscal year 2012, \$20,283,000 is due in total during the period including fiscal year 2013 through fiscal year 2017, and \$629,000 is due thereafter). A summary of pledges receivable as of June 30, 2011 is as follows:

	<b>2011</b>
Temporarily restricted	\$ 16,540,406
Permanently restricted	10,652,243
	27,192,649
Allowances for doubtful pledges	(2,657,149)
Present value discounts (ranging from 3.0% to 6.5%)	(3,875,092)
	\$ 20,660,408

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**(c) Investments**

UMF's investments, aggregated by investment strategy, with related liquidity information consist of the following at June 30, 2011:

	<u>2011</u>	<u>Liquidation period</u>
Investment strategy:		
Fixed income:		
U.S. Government securities	\$ 252,182	Daily
Corporate bonds	13,544,457	Daily
Certificates of deposit	210,877	Annually
Other fixed income securities	<u>71,263,910</u>	Daily
Total fixed income	<u>85,271,426</u>	
Equities:		
Common stocks	19,578,095	Daily
Common stock funds	66,926,802	Daily
Mutual funds	18,284,389	Daily
Index funds	<u>14,339,796</u>	Daily
Total equities	<u>119,129,082</u>	
Hedge funds	64,855,088	Various <sup>1</sup>
Venture capital	8,099,937	Illiquid <sup>2</sup>
Real estate:		
Real estate owned	5,578,849	Illiquid
Timber fund	13,291,764	Illiquid <sup>3</sup>
Partnership interest	<u>750,000</u>	Illiquid <sup>4</sup>
Total real estate	<u>19,620,613</u>	
Other short-term investments	<u>2,741,630</u>	Daily
Total investments	<u>\$ 299,717,776</u>	

<sup>1</sup> The majority of these hedge funds have liquidation terms that allow UMF to liquidate its investment in the fund on a quarterly basis but require prior notification ranging from 30 to 65 days.

<sup>2</sup> These venture capital investments have liquidation terms that allow UMF to liquidate its investment in the different funds after 7 to 12 years depending on the investment.

<sup>3</sup> This fund represent interest in a partnership that invests solely in timber land and allows for liquidation after a 10-year term.

<sup>4</sup> This investment represents a 49% interest in a commercial property.

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(d) ***Fair Value Measurement***

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;
- Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. In accordance with ASU 2009-12, *Investments that can be Redeemed at Net Asset Value on the Measurement Date or in the Near Term*, may be classified as Level 2. NAV is used as a practical expedient to estimate the fair value of such investments unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2011, UMF had no plans or intentions to sell investments at amounts different from NAV.

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The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2011.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ —	252,182	—	252,182
Corporate bonds	—	13,544,457	—	13,544,457
Certificates of deposit	—	210,877	—	210,877
Other fixed income securities	70,580,766	683,144	—	71,263,910
Total fixed income	<u>70,580,766</u>	<u>14,690,660</u>	<u>—</u>	<u>85,271,426</u>
Equities:				
Common stocks	19,578,095	—	—	19,578,095
Common stock funds	66,926,802	—	—	66,926,802
Mutual funds	18,284,389	—	—	18,284,389
Index funds	14,339,796	—	—	14,339,796
Total equities	<u>119,129,082</u>	<u>—</u>	<u>—</u>	<u>119,129,082</u>
Hedge funds	—	64,855,088	—	64,855,088
Venture capital	—	—	8,099,937	8,099,937
Real estate:				
Real estate owned	—	—	5,578,849	5,578,849
Timber fund	—	—	13,291,764	13,291,764
Partnership interest	—	—	750,000	750,000
Total real estate	<u>—</u>	<u>—</u>	<u>19,620,613</u>	<u>19,620,613</u>
Other short-term investments	2,741,630	—	—	2,741,630
Total investments	\$ <u>192,451,478</u>	<u>79,545,748</u>	<u>27,720,550</u>	<u>299,717,776</u>
Beneficial interest in remainder trust	\$ —	—	5,313,904	5,313,904

The methods used to determine the fair value of UMF's investments and its beneficial interest in remainder trust may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while UMF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table includes a rollforward of the amounts for the year ended June 30, 2011 for investments classified within Level 3:

		<u>Real estate</u>	<u>Venture capital</u>	<u>Beneficial interest in remainder trust</u>
Balance as of June 30, 2010	\$	18,603,780	7,319,029	4,511,220
Net realized and unrealized gain (loss)		584,833	759,817	802,684
Net purchases (sales)		432,000	21,091	—
Balance as of June 30, 2011	\$	<u>19,620,613</u>	<u>8,099,937</u>	<u>5,313,904</u>

**(e) Net Asset Classification of Endowment Funds**

UMF adopted *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds (ASC Topic 958-205)*. This standard provides guidance on the net asset classification of donor restricted endowment funds and related disclosures. ASC Topic 958-205 also provides guidance relative to net asset classification of funds subject to UPMIFA. When adopted by the state of domicile, UPMIFA requires a number of management assessments, including:

- Determination as to whether a donor intended an endowment to maintain its purchasing power or as a fixed sum,
- The classification of endowment earnings, and
- The ability to spend corpus of an endowment.

The State of Mississippi has not adopted UPMIFA. UMF’s Board of Directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds. As a result, UMF classifies as permanently restricted net assets the original gift donated to the permanent endowment and the original value of subsequent gifts and other income. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified in temporarily restricted net assets until the amounts are appropriated for expenditure in accordance with the donor memorandums of agreement.

UMF has established policies to achieve the overall, long-term investment goal of achieving an annualized total return, through appreciation and income, greater than the rate of inflation plus any distribution needs, thus protecting the assets against inflation. UMF’s Board and Joint Committee on Investments agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic

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asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. The primary performance objective of UMF is to achieve a total return, net of investment management fees and expenses, in excess of inflation and the spending rate.

Income available for spending is determined by a total return system and is approved by the Board of Directors of UMF. The amount to be spent involves taking 5 percent of a 3-year moving average of the market value per unit. The objective is to provide relatively stable spending allocations. No portion of the original gift value of the endowed assets will be allocated for spending.

Changes in donor-restricted endowment net assets for the year ended June 30, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment net assets (deficit), June 30, 2010	\$ (2,403,433)	38,535,533	147,890,995	184,023,095
Contributions and transfers to endowment	—	—	7,781,885	7,781,885
Appropriation for expenditures	—	(6,891,400)	—	(6,891,400)
Investment return:				
Investment income	—	5,483,836	—	5,483,836
Net appreciation (depreciation)	<u>2,242,776</u>	<u>26,524,321</u>	<u>—</u>	<u>28,767,097</u>
Donor-restricted endowment net assets (deficit), June 30, 2011	\$ <u>(160,657)</u>	<u>63,652,290</u>	<u>155,672,880</u>	<u>219,164,513</u>

Due to unfavorable market fluctuations, UMF has endowments that have fallen below the original gift value of the funds. At June 30, 2011, the fair values of certain permanently restricted investments were below their original contributions by approximately \$161,000, and these deficiencies have been recorded in unrestricted net assets. Future gains will be used to restore these deficiencies in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

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**(f) Net Assets**

Permanently restricted net assets at June 30, 2011 were available for the following purposes:

	<b>2011</b>
Academic and program support	\$ 32,457,007
Scholarship support	73,488,150
Faculty support	39,503,967
Library support	13,637,766
Total	\$ 159,086,890

The vast majority of temporarily restricted net assets at June 30, 2011 were available for academic and program support.

**(20) Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Southern Mississippi Foundation**

**(a) Significant Accounting Policies**

**i) Organization**

The University of Southern Mississippi Foundation (USMF) is a not-for-profit entity organized under the laws of the State of Mississippi to provide support to The University of Southern Mississippi and its students. USMF depends on USM to provide the staff and facilities for its operations.

Foundation Aviation Holdings, LLC was formed by USMF in October 2008 as a single member limited liability company. USMF's financial statements include the accounts of Foundation Aviation Holdings, LLC. All significant intercompany accounts and intercompany transactions have been eliminated.

**ii) Basis of Accounting**

The financial statements, which are presented on the accrual basis of accounting and follow Financial Accounting Standards Board (FASB) statements, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes – permanently restricted, temporarily restricted and unrestricted as follows:

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*Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by USMF. Generally, the donor of these assets permits USMF to use all or part of the income earned on related investments for general or specific purposes in support of USM.

*Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that will be met by actions of USMF and/or the passage of time. Temporarily restricted net assets include contributions designated to a particular college or unit. To the extent that restricted resources from multiple donors are available for the same purpose, USMF expends such gifts on a “first in, first out” basis.

*Unrestricted net assets* – net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless the use of the underlying net asset is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Income and realized and unrealized gains (losses) on investments of permanently restricted net assets are reported as follows:

- as increases (decreases) in permanently restricted net assets if the terms of the gift or USMF’s interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- as increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use;
- as increases (decreases) in unrestricted net assets in all other cases.



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### *iii) Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

USMF's investments are invested in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in USMF's financial statements.

Another estimate that is particularly susceptible to significant change in the near term relates to the allowance for uncollectible pledges. Management's estimate of the allowance for uncollectible pledges is based on an analysis of economic conditions, financial information about donors and current receivable levels and agings.

### *iv) Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

The liquidity crisis that originally was linked principally to the sub-prime lending markets has spread to other corners of the credit markets in the U.S. and internationally. It is not possible at this time to predict the full impact or duration of the existing illiquid credit market conditions. The unstable market conditions and the resulting uncertainties contribute to additional risks associated with certain significant investment valuation estimates. Management continues to monitor the composition of its portfolio to assess the potential impact of these market conditions on the valuation of its investments.

### *v) Pledges*

All unconditional pledges to give are recorded at their estimated realizable value on a discounted basis using a risk-free interest rate.

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**(b) Pledges Receivable**

Pledges receivable, net, are summarized as follows at June 30, 2011:

	<u>2011</u>
Unconditional promises expected to be collected in:	
Less than one year	\$ 3,629,451
One year to five years	5,791,807
More than five years	403,569
	<u>9,824,827</u>
Less unamortized discounts ranging from 1.76% to 5.15%	<u>(537,478)</u>
	9,287,349
Less allowance for uncollectible pledges	<u>(427,067)</u>
	<u><u>\$ 8,860,282</u></u>

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**(c) Investments**

Investments are summarized as follows at June 30, 2011:

	<u><b>2011</b></u>
Investment Strategy:	
Fixed Income:	
U.S. Government securities	\$ 7,895,734
Corporate bonds	4,756,277
Mutual funds	7,203,164
Index funds	<u>540,587</u>
Total fixed income	<u>20,395,762</u>
Equities:	
Common stocks	10,719,857
Mutual and common stock funds	26,207,136
Index funds	<u>6,037,327</u>
Total equities	<u>42,964,320</u>
Alternative investments:	
Hedge funds	3,619,840
Commodity funds	3,174,884
Real estate owned	474,500
Real estate investment funds	<u>3,420,662</u>
Total alternative investments	<u>10,689,886</u>
Cash surrender value of insurance policies	2,094,180
Other	<u>46,032</u>
Total investments	<u><u>\$ 76,190,180</u></u>

The following schedule summarizes net investment gain and its classification in the statements of activities:

	<u><b>2011</b></u>			
	<u><b>Unrestricted</b></u>	<u><b>Temporarily restricted</b></u>	<u><b>Permanently restricted</b></u>	<u><b>Total</b></u>
Dividends and interest (net of expenses of \$365,267)	\$ 1,231,978	148,718	17,289	1,397,985
Realized (losses) gains, net	(14,814)	690,036	10,501	685,723
Unrealized gains, net	<u>1,862,280</u>	<u>7,296,507</u>	<u>176,257</u>	<u>9,335,044</u>
	<u><u>\$ 3,079,444</u></u>	<u><u>8,135,261</u></u>	<u><u>204,047</u></u>	<u><u>11,418,752</u></u>

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### (d) *Fair Value Measurements*

FASB ASC 820 defines fair value 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. FASB ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy established in FASB ASC 820 prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that USMF 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 asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual and common stock funds, index funds, hedge funds and commodity funds, U.S. Government securities, corporate bonds and common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Real estate investment funds:* At June 30, 2011, \$3,420,662 are publicly traded and are valued at the closing price reported on the active market on which the individual securities are traded. At June 30, 2011, USMF did not have any assets reported at net asset value.

*Cash surrender value of insurance policies:* Valued at the cash surrender value of the life insurance contract as determined by the life insurance company.

*Real estate and other:* Valued on the basis of recent appraisals.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USMF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following tables set forth by level, within the fair value hierarchy, USMF's assets at fair value or net asset value as of June 30, 2011:

	<b>June 30, 2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ 7,895,734	—	—	7,895,734
Corporate bonds	4,756,277	—	—	4,756,277
Mutual Funds	7,203,164	—	—	7,203,164
Index funds	540,587	—	—	540,587
Total fixed income	<u>20,395,762</u>	<u>—</u>	<u>—</u>	<u>20,395,762</u>
Equities:				
Common stocks	10,719,857	—	—	10,719,857
Mutual and common stock funds	26,207,136	—	—	26,207,136
Index funds	6,037,327	—	—	6,037,327
Total equities	<u>42,964,320</u>	<u>—</u>	<u>—</u>	<u>42,964,320</u>
Alternative investments:				
Hedge funds	3,619,840	—	—	3,619,840
Commodity funds	3,174,884	—	—	3,174,884
Real estate owned	—	—	474,500	474,500
Real estate investment funds	3,420,662	—	—	3,420,662
Total alternative investments	<u>10,215,386</u>	<u>—</u>	<u>474,500</u>	<u>10,689,886</u>
Cash surrender value of insurance policies	—	—	2,094,180	2,094,180
Other	—	—	46,032	46,032
Total investments	<u>\$ 73,575,468</u>	<u>—</u>	<u>2,614,712</u>	<u>76,190,180</u>
Present value of amounts due from externally managed trusts	\$ —	1,305,074	—	1,305,074

At June 30, 2011, USMF had no outstanding unfunded commitments related to investments. In addition, all of USMF's investments can be redeemed or liquidated on a daily basis except for real estate investments which require a much longer period to liquidate.

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*Level 3 Gains and Losses*

The tables below set forth a summary of changes in the fair value or net asset value of USMF's Level 3 assets for the year ended June 30, 2011:

		<b>June 30, 2011</b>				
	<b>Real estate investment funds</b>	<b>Life insurance contracts</b>	<b>Real estate</b>	<b>Externally Managed Trusts</b>	<b>Other</b>	<b>Total</b>
Balance, June 30, 2010	\$ 62,953	1,916,343	473,156	137,260	46,032	2,635,744
Acquisitions	—	—	142,000	—	—	142,000
Dispositions	—	—	(84,156)	(130,000)	—	(214,156)
Realized losses	(62,953)	—	(56,500)	(7,260)	—	(126,713)
Change in cash surrender value	—	177,837	—	—	—	177,837
Balance, June 30, 2011	\$ —	2,094,180	474,500	—	46,032	2,614,712

(e) *Temporarily Restricted Net Assets*

Temporarily restricted net assets at June 30, 2011 were available for the following purposes:

	<b>2011</b>
Student financial aid	\$ 19,121,921
Academic divisions	3,673,589
Research	468,807
Operation and maintenance of plant	3,133,264
Library	317,670
Athletics	424,458
Faculty and staff support	1,073,838
Other restricted purposes	6,861,210
Total	\$ 35,074,757

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(f) ***Permanently Restricted Net Assets***

Permanently restricted net assets at June 30, 2011 were available for the following purposes:

	<b>2011</b>
Student financial aid	\$ 30,525,054
Academic divisions	4,156,083
Research	708,026
Operation and maintenance of plant	1,184,262
Library	2,930,562
Athletics	—
Faculty and staff support	7,368,661
Other restricted purposes	2,350,082
Total	\$ 49,222,730

(g) ***Endowment Net Assets***

The FASB issued FASB ASC 958, *Not-for-Profit Entities*, which provides guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and expands disclosures about endowment funds (both donor-restricted and board-designated endowment funds), regardless of whether an organization is subject to UPMIFA. As of June 30, 2011, the State of Mississippi had not yet adopted UPMIFA.

At June 30, 2011, USMF has approximately 800 individual funds which function as endowment-type funds that are established for a variety of purposes to support USM. The endowment-type funds include both donor-restricted endowment-type funds and funds designated by USMF's Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including board-designated funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

USMF's Board of Directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds. As a result, USMF classifies as permanently restricted net assets the original gift donated to the permanent endowment and the original value of subsequent gifts. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified in temporarily restricted net assets until the amounts are appropriated for expenditures in accordance with the donor agreements.

USMF has established investment policies to ensure the assets of USMF's endowment are managed in a prudent fashion in accordance with sound investment principles. USMF's Board of Directors sets and approves the investment policies and charges the Investment Committee with implementation and subsequent, ongoing monitoring of the policies. USMF's investment objectives for endowments are to provide a total return that preserves the purchasing power of the endowment's

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assets while providing sustainable annual support to USM. The primary performance objective of the endowment is to achieve a total return, net of investment fees and within prudent levels of risk, in excess of the total spending rate.

USMF's spending policy is designed to instill confidence that the positive growth in the market value of the endowment is sufficient to offset reasonable spending over an extended period of time. The spending policy is approved by USMF's Board of Directors. The spending rate was approximately 4% for the year ended June 30, 2011. In addition, applicable endowment funds were assessed a 2% administrative fee. This fee is a portion of the funding for the development programs of USMF. No portion of the original gift value of the endowed assets is allocated for spending.

During the year ended June 30, 2011, USMF had the following endowment related activity:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	\$ 1,575,199	4,842,567	42,731,875	49,149,641
Contributions	10,176	29,625	1,374,134	1,413,935
Net investment income	3,135,848	7,330,540	197,190	10,663,578
Other income (loss)	670	(158)	11,757	12,269
Change in restriction by donor	(147,698)	(48,197)	518,131	322,236
Expenses	(57,189)	(1,267,585)	—	(1,324,774)
Transfers	<u>(1,849,117)</u>	<u>1,547</u>	<u>355,828</u>	<u>(1,491,742)</u>
Endowment net assets, June 30, 2011	\$ <u>2,667,889</u>	<u>10,888,339</u>	<u>45,188,915</u>	<u>58,745,143</u>

At June 30, 2011, the endowment net asset composition by type of fund consists of the following:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment-type funds	\$ —	10,888,339	45,188,915	56,077,254
Board-designated endowment-type funds	<u>2,667,889</u>	<u>—</u>	<u>—</u>	<u>2,667,889</u>
Endowment net assets, June 30, 2011	\$ <u>2,667,889</u>	<u>10,888,339</u>	<u>45,188,915</u>	<u>58,745,143</u>



**COMBINING SUPPLEMENTAL INFORMATION**

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Assets

June 30, 2011

Assets	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Current assets:													
Cash and cash equivalents	\$ 21,141,943	1,841,493	22,882,117	69,213,549	4,436,403	4,568,375	45,156,160	30,885,082	127,912,703	13,806,366	85,915	—	341,930,106
Short-term investments	5,051,152	380,816	250,000	5,775,301	1,000,000	1,289,999	83,817,113	3,466,288	1,715,000	3,776,332	—	—	106,522,001
Accounts receivable, net	8,725,086	4,381,972	25,307,691	55,723,760	2,305,265	4,250,256	31,351,964	41,091,307	115,620,559	4,179,601	752,608	—	293,690,069
Student notes receivable, net	389,887	371,653	182,762	2,792,154	111,365	—	5,234,893	1,948,601	1,151,037	1,237,561	—	—	13,419,913
Inventories	125,290	199,289	42,543	2,425,613	19,149	212,358	1,034,081	387,429	20,069,974	522,342	—	—	25,038,068
Prepaid expenses	9,710	82,455	1,066	2,501,281	189,864	227,845	606,630	5,574,998	3,504,438	74,840	—	—	12,773,127
Other current assets	—	—	—	—	—	—	—	—	972,708	—	—	—	972,708
Total current assets	35,443,068	7,257,678	48,666,179	138,431,658	8,062,046	10,548,833	167,200,841	83,353,705	270,946,419	23,597,042	838,523	—	794,345,992
Noncurrent assets:													
Restricted cash and cash equivalents	7,101,693	(286,111)	2,616,150	6,889,582	63,224	—	2,505,442	3,649,493	177,210,218	—	—	—	199,749,691
Restricted short-term investments	—	—	—	—	—	—	132,573	—	—	—	—	—	132,573
Endowments investments	8,823,677	9,640	13,825,182	26,481,462	3,029,441	1,674,560	72,332,082	3,251,684	58,249,359	21,571,846	—	—	209,248,933
Other long-term investments	—	8,491,131	—	70,979,567	8,593,009	4,181,536	90,997,212	30,427,078	33,230,480	25,014,215	318,194	—	272,232,422
Student notes receivable, net	—	1,321,168	1,747,995	14,388,540	1,280,697	—	18,105,742	28,736,714	8,430,561	24,706,126	—	—	98,717,543
Capital assets, net	140,163,983	111,277,249	248,732,639	652,251,119	81,414,210	63,170,376	633,428,360	446,691,781	466,046,948	4,904,572	4,206	—	2,848,085,443
Other noncurrent assets	724,971	—	5,015,370	—	—	135,681	1,270,093	—	1,768,474	—	—	—	8,914,589
Total noncurrent assets	156,814,324	120,813,077	271,937,336	770,990,270	94,380,581	69,294,726	818,638,931	512,756,750	744,936,040	76,196,759	322,400	—	3,637,081,194
Total assets	\$ 192,257,392	128,070,755	320,603,515	909,421,928	102,442,627	79,843,559	985,839,772	596,110,455	1,015,882,459	99,793,801	1,160,923	—	4,431,427,186

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Assets

June 30, 2011

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
<b>Liabilities</b>													
Current liabilities:													
Accounts payable and accrued liabilities	\$ 4,200,674	2,471,110	14,889,141	25,357,217	2,275,103	2,355,424	21,585,339	16,917,898	57,217,877	2,786,664	101,895	—	150,158,342
Deferred revenues	1,335,348	1,305,022	6,808,387	16,361,837	1,302,492	350,245	18,186,328	9,986,786	3,129,446	—	—	—	58,765,891
Accrued leave liabilities – current portion	843,623	193,037	435,235	2,245,298	35,409	208,170	1,115,000	1,100,000	2,195,100	45,014	9,160	—	8,425,046
Long-term liabilities – current portion	405,000	917,736	192,919	6,799,131	86,300	195,000	6,891,573	3,200,195	17,874,033	13,355,441	—	—	49,917,328
Other current liabilities	—	—	—	135,117	310,682	38,504	530,566	24,179	19,780,847	—	—	—	20,819,895
Total current liabilities	6,784,645	4,886,905	22,325,682	50,898,600	4,009,986	3,147,343	48,308,806	31,229,058	100,197,303	16,187,119	111,055	—	288,086,502
Noncurrent liabilities:													
Deposits refundable	800,179	94,560	37,456	67,125	—	39,010	94,815	30,392	—	—	—	—	1,163,537
Accrued leave liabilities	3,158,781	1,703,036	5,606,979	19,015,085	849,807	1,564,359	11,473,341	8,097,588	42,431,933	733,366	67,568	—	94,701,843
Long-term liabilities	46,595,000	21,428,364	92,529,144	149,990,000	14,954	18,305,000	119,589,968	136,212,750	172,699,797	—	—	—	757,364,977
Other long-term liabilities	—	1,802,516	1,641,143	14,758,613	1,367,986	—	9,145,800	27,598,174	24,510,362	19,872,559	—	—	100,697,153
Total noncurrent liabilities	50,553,960	25,028,476	99,814,722	183,830,823	2,232,747	19,908,369	140,303,924	171,938,904	239,642,092	20,605,925	67,568	—	953,927,510
Total liabilities	\$ 57,338,605	29,915,381	122,140,404	234,729,423	6,242,733	23,055,712	188,612,730	203,167,962	339,839,395	36,793,044	178,623	—	1,242,014,012
<b>Net Assets</b>													
Invested in capital assets, net of related debt	\$ 102,670,094	89,055,966	157,387,036	499,096,655	81,312,956	44,806,058	506,946,819	309,887,304	325,267,176	4,899,593	4,206	—	2,121,333,863
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	6,772,601	2,498,286	1,245,903	1,687,329	4,172,554	—	—	1,005,000	—	—	17,381,673
Research	—	—	—	4,715,840	—	—	62,372	—	—	—	—	—	4,778,212
Other purposes	5,252,551	—	—	8,367,158	1,639,236	—	42,911,832	569,090	16,664,966	24,165,788	—	—	99,570,621
Expendable:													
Scholarships and fellowships	—	—	7,052,581	2,622,093	—	969,084	5,480,275	298,075	4,554,084	32,727,585	—	—	53,703,777
Research	—	—	—	11,157,440	—	—	7,639,941	363,452	24,758,231	—	—	—	43,919,064
Capital projects	—	4,298,774	12,338,173	(177,633)	1,879,028	83,365	848,835	—	—	—	—	—	19,270,542
Debt service	—	257,147	698,540	563,418	576,837	—	138,758	2,820,886	1,351,984	9,010	—	—	6,416,580
Loans	1,550,451	351,383	289,614	3,845,072	267,978	—	16,016,385	5,293,100	5,822,913	—	—	—	33,436,896
Other purposes	—	25,253	—	1,248,053	—	610,675	13,404,051	3,466,932	49,235,871	—	1,013,226	—	69,004,061
Unrestricted	25,445,691	4,166,851	13,924,566	140,756,123	9,277,956	8,631,336	199,605,220	70,243,654	248,387,839	193,781	(35,132)	—	720,597,885
Total net assets	\$ 134,918,787	98,155,374	198,463,111	674,692,505	96,199,894	56,787,847	797,227,042	392,942,493	676,043,064	63,000,757	982,300	—	3,189,413,174

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2011

	<b>Alcorn State University</b>	<b>Delta State University</b>	<b>Jackson State University</b>	<b>Mississippi State University</b>	<b>Mississippi University for Women</b>	<b>Mississippi Valley State University</b>	<b>University of Mississippi</b>	<b>University of Southern Mississippi</b>	<b>University of Mississippi Medical Center</b>	<b>IHL Board Office</b>	<b>MCVS</b>	<b>Elimination entries</b>	<b>Total</b>
Operating revenues:													
Tuition and fees	\$ 22,682,879	21,208,578	54,462,297	145,476,453	14,758,508	15,797,272	167,158,837	108,798,259	16,888,401	—	—	—	567,231,484
Less:													
Scholarship allowances	(9,414,977)	(4,699,342)	(18,051,146)	(39,606,339)	(5,362,396)	(8,324,913)	(35,862,399)	(30,105,302)	(2,205,309)	—	—	—	(153,632,123)
Bad debt expense	(456,733)	(410,145)	(1,387,373)	(874,970)	—	(1,342,175)	(618,252)	(550,000)	—	—	—	—	(5,639,648)
Net tuition and fees	12,811,169	16,099,091	35,023,778	104,995,144	9,396,112	6,130,184	130,678,186	78,142,957	14,683,092	—	—	—	407,959,713
Federal appropriations				12,737,243									12,737,243
Federal grants and contracts	15,073,946	6,137,331	52,386,994	126,237,708	1,119,497	9,018,612	62,115,781	64,620,207	44,820,450	8,914,047	8,293,193	(28,138,760)	370,599,006
State grants and contracts	366,384	933,097	3,286,389	14,651,337	6,159,873	57,378	6,206,881	8,574,789	14,502,731	370,046	—	(15,880,841)	39,228,064
Nongovernmental grants and contracts	359,679	4,096,438	1,986,644	16,473,395	1,961,352	—	27,770,479	7,944,341	13,517,685	1,757,409	146,040	—	76,013,462
Sales and services of educational departments	551,559	1,080,707	2,339,722	31,632,764	1,254,525	1,742,365	8,937,227	2,360,267	1,287,121	3,077,501	128,894	(798,679)	53,593,973
Auxiliary enterprises:													
Student housing	6,765,633	3,205,302	8,504,187	19,756,731	1,907,258	2,983,050	19,121,342	14,820,007	—	—	—	—	77,063,510
Food services	3,523,315	2,463,827	5,885,382	1,606,682	1,321,218	2,370,868	2,397,574	1,710,582	—	—	—	—	21,279,448
Bookstore	96,314	161,104	—	677,943	106,915	1,874,506	535,765	1,214,759	1,482,623	—	—	—	6,149,929
Athletics	—	—	—	34,679,353	—	—	36,173,756	8,839,290	—	—	—	—	79,692,399
Other auxiliary revenues	770,794	1,731,671	1,397,488	11,110,001	267,153	1,771,069	5,883,073	4,020,170	2,018,754	2,226,151	—	—	31,196,324
Less auxiliary enterprise scholarship allowances	(2,502,715)	(892,438)	(7,631,128)	(8,694,075)	(1,176,957)	—	(3,808,397)	(3,921,240)	—	—	—	—	(28,626,950)
Interest earned on loans to students	—	26,908	—	255,229	—	—	482,508	—	114,050	—	—	—	878,695
Patient care revenues	—	—	—	—	—	—	—	—	668,733,613	—	—	—	668,733,613
Other operating revenues	2,213,034	622,276	4,332,578	2,722,473	38,490	1,395,133	6,221,059	5,224,040	21,450,885	12,365,320	8,889	(11,250,454)	45,343,723
Total operating revenues	40,029,112	35,665,314	107,512,034	368,841,928	22,355,436	27,343,165	302,715,234	193,550,169	782,611,004	28,710,474	8,577,016	(56,068,734)	1,861,842,152
Operating expenses:													
Salaries and wages	33,521,844	26,391,047	76,952,804	264,173,617	17,488,464	22,934,674	168,231,014	141,371,371	483,830,003	9,930,994	718,324	—	1,245,544,156
Fringe benefits	9,669,465	7,389,450	19,778,147	81,417,646	4,782,546	7,467,843	42,021,260	42,601,394	123,043,347	2,599,608	202,485	—	340,973,191
Travel	2,108,868	1,068,833	3,978,763	14,097,582	373,401	1,882,766	10,659,617	7,731,961	2,584,135	344,677	113,943	—	44,944,546
Contractual services	12,167,261	10,985,266	30,837,635	78,955,132	6,399,916	13,036,228	63,237,340	49,449,347	174,488,327	20,821,709	7,977,244	(40,187,893)	428,167,512
Utilities	3,761,067	1,805,318	4,389,535	14,430,990	2,451,102	2,361,938	12,018,477	9,833,889	12,571,983	779,187	—	—	64,403,486
Scholarships and fellowships	8,722,845	7,412,522	20,888,096	32,580,425	6,233,331	7,004,374	46,874,203	25,465,099	5,400,885	29,445,437	—	(15,880,841)	174,146,376
Commodities	4,051,089	4,269,095	6,264,827	48,339,980	2,146,340	6,532,236	24,446,260	16,687,989	171,701,556	982,558	150,370	—	285,572,300
Depreciation	3,716,572	3,598,186	8,966,691	31,046,920	1,888,848	2,342,416	23,039,459	16,344,303	38,541,856	154,808	5,612	—	129,645,671
Other operating expenses	146,209	78,654	3,610,986	—	—	—	554,575	—	3,035,294	4,165,607	21,634	—	11,612,959
Total operating expenses	77,865,220	62,998,371	175,667,484	565,042,292	41,763,948	63,562,475	391,082,205	309,485,353	1,015,197,386	69,224,585	9,189,612	(56,068,734)	2,725,010,197
Operating loss	\$ (37,836,108)	(27,333,057)	(68,155,450)	(196,200,364)	(19,408,512)	(36,219,310)	(88,366,971)	(115,935,184)	(232,586,382)	(40,514,111)	(612,596)	—	(863,168,045)

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2011

	<b>Alcorn State University</b>	<b>Delta State University</b>	<b>Jackson State University</b>	<b>Mississippi State University</b>	<b>Mississippi University for Women</b>	<b>Mississippi Valley State University</b>	<b>University of Mississippi</b>	<b>University of Southern Mississippi</b>	<b>University of Mississippi Medical Center</b>	<b>IHL Board Office</b>	<b>MCVS</b>	<b>Elimination entries</b>	<b>Total</b>
Nonoperating revenue (expenses):													
State appropriations	\$ 24,978,741	18,487,907	44,286,961	151,649,034	12,071,711	16,320,386	70,628,676	73,071,786	177,738,128	39,338,753	363,913	—	628,935,996
State Fiscal Stabilization Funds	2,308,093	2,764,117	4,747,807	13,122,669	1,807,346	1,794,515	9,425,066	10,282,287	11,227,683	—	—	—	57,479,583
State Medicaid Funds	—	—	—	—	—	—	—	—	8,677,755	—	—	—	8,677,755
Gifts and grants	14,274,393	6,745,806	26,802,298	44,941,008	7,097,721	12,208,008	30,389,539	36,810,454	10,153,528	—	—	—	189,422,755
Investment income, net of investment expense	436,570	157,597	2,581,871	6,091,339	271,592	541,017	12,904,203	1,308,837	10,403,302	1,639,048	105,288	—	36,440,664
Interest expense on capital assets-related debt	(2,315,938)	(330,316)	(5,063,314)	(5,811,677)	(9,235)	(813,090)	(5,073,801)	(3,849,421)	(9,100,202)	—	—	—	(32,366,994)
Other nonoperating revenues	—	131,967	11,709	343,877	40,501	—	—	742,437	10,936,869	—	—	—	12,207,360
Other nonoperating expenses	(458,961)	(2,674,819)	(735,479)	(487,147)	(515,272)	—	(36,664)	—	(8,298,855)	(421,186)	—	—	(13,628,383)
Total net nonoperating revenues (expenses)	<u>39,222,898</u>	<u>25,282,259</u>	<u>72,631,853</u>	<u>209,849,103</u>	<u>20,764,364</u>	<u>30,050,836</u>	<u>118,237,019</u>	<u>118,366,380</u>	<u>211,738,208</u>	<u>40,556,615</u>	<u>469,201</u>	<u>—</u>	<u>887,168,736</u>
Income (loss) before other revenues, expenses, gains and losses	1,386,790	(2,050,798)	4,476,403	13,648,739	1,355,852	(6,168,474)	29,870,048	2,431,196	(20,848,174)	42,504	(143,395)	—	24,000,691
Capital grants and gifts	—	—	672,897	12,479,949	—	—	42,679,108	3,652,071	9,453,559	—	—	—	68,937,584
State appropriations restricted for capital purposes	184,903	7,679,762	13,091,791	13,917,041	3,922,120	5,878,276	2,272,905	6,918,497	428,128	1,936,591	—	—	56,230,014
Additions to permanent endowments	1,415,000	—	—	—	17,142	6,596	36,780	—	221,889	—	—	—	1,697,407
Other additions	2,718,443	—	—	—	—	—	385,825	1,007,618	—	—	—	—	4,111,886
Other deletions	(1,749,342)	(84,549)	—	(720,353)	(177,342)	—	(878,413)	(30,711)	—	—	—	—	(3,640,710)
Changes in net assets	3,955,794	5,544,415	18,241,091	39,325,376	5,117,772	(283,602)	74,366,253	13,978,671	(10,744,598)	1,979,095	(143,395)	—	151,336,872
Net assets – beginning of year	130,962,993	92,610,959	180,222,020	635,367,129	91,082,122	57,071,449	722,860,789	378,963,822	686,787,662	61,021,662	1,125,695	—	3,038,076,302
Net assets – end of year	<u>\$ 134,918,787</u>	<u>98,155,374</u>	<u>198,463,111</u>	<u>674,692,505</u>	<u>96,199,894</u>	<u>56,787,847</u>	<u>797,227,042</u>	<u>392,942,493</u>	<u>676,043,064</u>	<u>63,000,757</u>	<u>982,300</u>	<u>—</u>	<u>3,189,413,174</u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Cash Flows

Year ended June 30, 2011

	<u>Alcorn State University</u>	<u>Delta State University</u>	<u>Jackson State University</u>	<u>Mississippi State University</u>	<u>Mississippi University for Women</u>	<u>Mississippi Valley State University</u>	<u>University of Mississippi</u>	<u>University of Southern Mississippi</u>	<u>University of Mississippi Medical Center</u>	<u>IHL Board Office</u>	<u>MCVS</u>	<u>Elimination entries</u>	<u>Total</u>
Operating activities:													
Tuition and fees	\$ 12,433,042	16,108,337	35,471,729	109,076,844	9,354,229	6,823,543	131,144,468	78,327,453	15,564,047	—	—	—	414,303,692
Grants and contracts	19,762,173	11,611,631	55,072,586	142,900,160	9,252,882	10,101,846	97,088,573	78,839,514	70,725,913	11,639,712	8,439,233	(44,019,601)	471,414,622
Sales and services of educational departments	551,559	1,080,707	3,042,248	33,274,352	1,250,209	1,742,365	8,869,696	2,360,267	1,284,077	3,395,149	128,894	(798,679)	56,180,844
Payments to suppliers	(26,263,726)	(16,247,049)	(44,272,386)	(141,730,432)	(8,957,678)	(16,494,720)	(87,986,194)	(72,318,931)	(332,941,065)	(21,936,744)	(8,241,557)	40,187,893	(737,202,589)
Payments to employees for salaries and benefits	(42,264,760)	(33,568,581)	(96,364,013)	(351,500,066)	(22,132,486)	(30,563,160)	(209,729,738)	(183,963,539)	(599,959,288)	(12,429,869)	(920,809)	—	(1,583,396,309)
Payments for utilities	(3,761,067)	(1,805,318)	(4,389,535)	(14,430,990)	(2,428,558)	(2,361,938)	(11,910,122)	(9,820,585)	(11,985,666)	(779,187)	—	—	(63,672,966)
Payment for scholarships and fellowships	(8,722,845)	(7,412,522)	(28,519,224)	(32,580,494)	(6,233,332)	(7,004,374)	(46,827,160)	(29,089,317)	(5,400,885)	(23,349,825)	—	15,880,841	(179,259,137)
Loans issued to students and employees	—	(166,183)	—	(2,799,006)	—	—	(2,745,003)	(2,830,216)	(1,245,682)	(3,930,320)	—	—	(13,716,410)
Collections of loans to students and employees	—	126,757	—	3,789,680	—	14,495	2,394,471	3,472,693	1,477,408	1,203,391	—	—	12,478,895
Auxiliary enterprise charges:													
Student housing	6,564,966	3,227,944	8,871,854	19,513,342	1,259,760	2,983,050	14,480,317	10,851,017	—	—	—	—	67,752,250
Food services	3,523,315	2,463,827	6,484,564	1,598,106	908,914	2,370,868	2,347,607	1,667,448	—	—	—	—	21,364,649
Bookstore	96,314	161,104	—	677,942	106,915	1,874,506	534,142	1,200,798	1,450,718	—	—	—	6,102,439
Athletics	—	—	—	31,259,972	—	—	35,321,176	8,821,297	—	—	—	—	75,402,445
Other auxiliary enterprises	770,794	954,240	850,959	7,195,503	271,811	1,771,069	5,857,934	4,036,157	2,005,703	2,122,821	—	—	25,836,991
Patient care services	—	—	—	—	—	—	—	—	650,847,396	—	—	—	650,847,396
Interest earned on loans to students	—	—	—	255,229	—	—	482,508	—	114,050	332,488	—	—	1,184,275
Other receipts	1,987,413	879,024	3,897,282	14,679,415	38,490	1,348,375	6,238,729	3,310,387	18,103,812	12,014,668	8,889	(11,250,454)	51,256,030
Other payments	—	—	—	—	—	—	(10,698,103)	—	(823,294)	(173,522)	(21,633)	—	(11,716,552)
Net cash provided (used) by operating activities	(35,322,822)	(22,586,082)	(59,853,936)	(178,820,443)	(17,308,844)	(27,394,075)	(65,136,699)	(105,135,557)	(190,782,756)	(31,891,238)	(606,983)	—	(734,839,435)
Noncapital financing activities:													
State appropriations	26,427,387	21,547,509	46,618,611	151,540,733	13,879,057	18,137,894	79,804,992	83,296,189	197,629,024	41,146,035	363,913	—	680,391,344
Gifts and grants for other than capital purposes	—	—	26,802,298	44,973,873	7,043,966	12,208,008	27,966,669	35,525,286	10,153,528	—	—	—	164,673,628
Private gifts for endowment purposes	1,415,000	—	—	—	17,034	6,596	36,780	—	221,889	—	—	—	1,697,299
Federal loan program receipts	33,114,063	13,004,303	71,738,825	96,680,009	14,600,289	22,046,567	91,874,310	101,196,444	29,665,492	—	—	—	473,920,302
Federal loan program disbursements	(33,114,063)	(13,004,303)	(71,738,825)	(98,016,289)	(14,600,289)	(22,046,567)	(91,874,310)	(100,509,887)	(27,789,673)	—	—	—	(472,694,206)
Other sources	—	5,884,344	—	13,122,669	302,759	—	435,887	759,548	10,936,869	—	—	—	31,442,076
Other uses	—	—	—	(448,023)	(792,114)	—	—	—	(32,798,771)	(318,073)	—	—	(34,356,981)
Net cash provided (used) by noncapital financing activities	\$ 27,842,387	27,431,853	73,420,909	207,852,972	20,450,702	30,352,498	108,244,328	120,267,580	188,018,358	40,827,962	363,913	—	845,073,462

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2011

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Capital and related financing activities:													
Proceeds from capital debt	\$ —	—	—	(20,080,434)	—	—	—	—	—	—	—	—	(20,080,434)
Cash paid for capital assets	(12,447,263)	(843,342)	(4,361,653)	—	(254,760)	(414,066)	(48,689,390)	(17,408,360)	(91,049,627)	(106,838)	—	—	(175,575,299)
Capital appropriations received	1,644,335	—	—	—	19,190	—	(49,048)	—	—	—	—	—	1,614,477
Capital grants and contracts received	14,274,393	—	—	1,151,192	—	—	42,778,977	4,641,419	9,398,488	—	—	—	72,244,469
Proceeds from sales of capital assets	—	—	—	106,408	—	—	—	18,545	559,030	—	—	—	683,983
Principal paid on capital debt and leases	(65,000)	(1,085,436)	(668,654)	(5,883,892)	(154,806)	(165,000)	(6,625,545)	(2,932,475)	(11,561,994)	—	—	—	(29,142,802)
Interest paid on capital debt and leases	(2,315,938)	(330,316)	(5,063,314)	(5,661,794)	(9,235)	(813,090)	(5,492,502)	(4,125,512)	(8,979,378)	—	—	—	(32,791,079)
Other sources	—	1,186,898	892,797	513,825	—	25,195	2,371,867	1,203,118	—	—	—	—	6,193,700
Other uses	(1,644,335)	(480,940)	—	(959,137)	(38,255)	—	(1,634,530)	(30,712)	—	—	—	—	(4,787,909)
Net cash provided (used) by capital and related financing activities	(553,808)	(1,553,136)	(9,200,824)	(30,813,832)	(437,866)	(1,366,961)	(17,340,171)	(18,633,977)	(101,633,481)	(106,838)	—	—	(181,640,894)
Investing activities:													
Proceeds from sales and maturities of investments	1,415,000	3,000,000	24,371,524	109,337,672	11,333,000	6,826,949	154,640,203	37,484,116	128,739,861	47,918,698	806,862	—	525,873,885
Interest received on investments	291,770	122,552	2,581,871	738,092	415,099	131,006	2,475,738	1,083,877	4,600,476	1,686,779	17,602	—	14,144,862
Purchases of investments	(1,415,000)	(5,000,000)	(25,950,077)	(109,477,178)	(13,778,761)	(6,160,420)	(186,952,241)	(32,464,496)	(48,047,864)	(55,130,296)	(588,755)	—	(484,965,088)
Net cash provided (used) by investing activities	291,770	(1,877,448)	1,003,318	598,586	(2,030,662)	797,535	(29,836,300)	6,103,497	85,292,473	(5,524,819)	235,709	—	55,053,659
Net increase (decrease) in cash and cash equivalents	(7,742,473)	1,415,187	5,369,467	(1,182,717)	673,330	2,388,997	(4,068,842)	2,601,543	(19,105,406)	3,305,067	(7,361)	—	(16,353,208)
Cash and cash equivalents – beginning of year	35,986,109	140,195	20,128,800	77,285,848	3,826,297	2,179,378	51,730,444	31,933,032	324,228,327	10,501,299	93,276	—	558,033,005
Cash and cash equivalents – end of year	\$ 28,243,636	1,555,382	25,498,267	76,103,131	4,499,627	4,568,375	47,661,602	34,534,575	305,122,921	13,806,366	85,915	—	541,679,797



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Cash Flows

Year ended June 30, 2011

	<b>Alcorn State University</b>	<b>Delta State University</b>	<b>Jackson State University</b>	<b>Mississippi State University</b>	<b>Mississippi University for Women</b>	<b>Mississippi Valley State University</b>	<b>University of Mississippi</b>	<b>University of Southern Mississippi</b>	<b>University of Mississippi Medical Center</b>	<b>IHL Board Office</b>	<b>MCVS</b>	<b>Elimination entries</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities													
Operating income (loss)	\$ (37,836,108)	(27,333,057)	(68,155,450)	(196,200,364)	(19,408,512)	(36,219,310)	(88,366,971)	(115,935,184)	(232,586,382)	(40,514,111)	(612,596)	—	(863,168,045)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:													
Depreciation expenses	3,716,572	3,598,186	8,966,691	31,046,920	1,888,848	2,342,416	23,039,459	16,344,303	38,541,856	154,808	5,612	—	129,645,671
Self-insurance claims expense	—	—	—	—	—	—	—	—	—	8,689,361	—	—	8,689,361
Bad debt expenses	—	—	—	—	—	—	—	—	238,715,993	422,410	—	—	239,138,403
Other	456,732	489,175	1,968,095	—	87,292	4,757,908	622,171	550,000	—	2,999,960	72,263	—	12,003,596
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	2,584,887	1,758,671	(6,667,209)	(9,105,983)	(367,941)	1,628,204	(1,149,428)	(6,986,661)	(216,936,317)	2,104,763	327,831	—	(232,809,183)
Inventories	1,525	33,544	8,572	254,774	—	395,872	(125,693)	44,715	(3,121,938)	(29,709)	—	—	(2,538,338)
Prepaid expenses	1	26,203	153,654	2,287,371	(29,235)	(32,706)	81,030	(434,608)	357,097	(19,743)	—	—	2,389,064
Other assets	—	—	—	914,633	—	—	—	—	(381,507)	—	—	—	533,126
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	(4,196,531)	(636,693)	2,240,236	(3,833,554)	334,966	(299,997)	91,696	1,056,244	(8,063,524)	261,650	(405,722)	—	(13,451,229)
Deferred revenue	(157,733)	(538,687)	1,284,699	(5,150,554)	296,665	155,715	193,935	691,754	348,119	—	—	—	(2,876,087)
Deposits refundable	32,628	18,152	6,203	(14,875)	—	(111,461)	(4,420)	495	—	—	—	—	(73,278)
Accrued leave liability	75,205	(1,576)	340,573	981,189	(110,927)	(291)	458,222	(806,361)	5,735,469	100,734	5,629	—	6,777,866
Loans to students and employees	—	—	—	—	—	—	23,300	339,746	920,162	—	—	—	1,283,208
Other liabilities	—	—	—	—	—	(10,425)	—	—	(14,311,784)	(6,061,361)	—	—	(20,383,570)
Total adjustments	<u>2,513,286</u>	<u>4,746,975</u>	<u>8,301,514</u>	<u>17,379,921</u>	<u>2,099,668</u>	<u>8,825,235</u>	<u>23,230,272</u>	<u>10,799,627</u>	<u>41,803,626</u>	<u>8,622,873</u>	<u>5,613</u>	<u>—</u>	<u>128,328,610</u>
Net cash provided (used) by operating activities	\$ <u>(35,322,822)</u>	<u>(22,586,082)</u>	<u>(59,853,936)</u>	<u>(178,820,443)</u>	<u>(17,308,844)</u>	<u>(27,394,075)</u>	<u>(65,136,699)</u>	<u>(105,135,557)</u>	<u>(190,782,756)</u>	<u>(31,891,238)</u>	<u>(606,983)</u>	<u>—</u>	<u>(734,839,435)</u>
Non-cash capital related financing and investing activities:													
Assets acquired through capital lease obligations	\$ —	17,240,000	—	—	—	—	—	—	—	—	—	—	17,240,000
Capital appropriations from the State of Mississippi	1,459,432	—	13,096,791	13,917,041	—	5,878,276	2,272,905	6,918,497	—	1,936,591	—	—	45,479,533
Donations of capital assets	—	—	—	11,328,757	—	—	322,110	327,163	—	—	—	—	11,978,030

See accompanying independent auditors' report.

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## **REPORT ON INTERNAL CONTROL AND COMPLIANCE**

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KPMG LLP  
Suite 1100  
One Jackson Place  
188 East Capitol Street  
Jackson, MS 39201-2127

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
The State Institutions of Higher Learning:

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2011 which collectively comprise the IHL System's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 12, 2011. Our report was modified to include reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As described in our report on the IHL System's financial statements, other auditors audited the financial statements of the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation, and the State Institutions of Higher Learning Tort Liability Fund.

As described in our report on the IHL System's financial statements, the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

Management of the IHL System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the IHL System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control over financial reporting.

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A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the IHL System's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the IHL System management, members of the Legislature, entities with accreditation overview, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

Jackson, Mississippi  
December 12, 2011

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**REPORT ON COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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KPMG LLP  
Suite 1100  
One Jackson Place  
188 East Capitol Street  
Jackson, MS 39201-2127

## **Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
State of Mississippi Institutions of Higher Learning:

### **Compliance**

We have audited the State of Mississippi Institutions of Higher Learning (the IHL System)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (Compliance Supplement) that could have a direct and material effect on each of the IHL System's major federal programs for the year ended June 30, 2011. The IHL System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the IHL System's management. Our responsibility is to express an opinion on the IHL System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the IHL System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the IHL System's compliance with those requirements.

In our opinion, the IHL System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

Management of the IHL System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the IHL System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and

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report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the IHL System, a component unit of the State of Mississippi, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. Our report on the basic financial statements was modified to include reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the IHL System management, members of the Legislature, entities with accreditation overview, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

Jackson, Mississippi  
March 20, 2012, except as to the paragraph  
relating to the Schedule of Expenditures  
of Federal Awards, which is as of  
December 12, 2011

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Table with columns: Federal Sponsor / Project Title / Pass - Through Entity, CFDA, Pass-through Entity Identifying Number, Total Expenditures, ASU, DSU, JSU, MSU, MUW, MVSU, UM, UMMC, USM, IHL Board Office, and MCVS. Rows include various federal sponsors like Univ. of MD, National Aeronautics and Space Administration, National Endowment for the Humanities, National Science Foundation, etc.

















**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: Univ of FL - Homeland Security - Agriculture	10.304	UFIFAS 0069561	\$ 64,352	—	—	—	64,352	—	—	—	—	—	—	—
International Science and Education Grants	10.305		56,809	—	—	—	56,809	—	—	—	—	—	—	—
Pass through Program From: Univ of GA - Specialty Crop Research Initiative (SCRS)	10.309	RC299-380/3503838	3,595	—	—	—	3,595	—	—	—	—	—	—	—
Univ of Georgia - Specialty Crop Research Initiative (SCRS)	10.309	RF327-193/4692298	10,482	—	—	—	10,482	—	—	—	—	—	—	—
Total CFDA	10.309		14,077	—	—	—	14,077	—	—	—	—	—	—	—
Agriculture and Food Research Initiative (AFRI)	10.310		6,599	—	—	—	6,599	—	—	—	—	—	—	—
Pass through Program From: LSU Ag Center - Agriculture and Food Research Initiative (AFRI)	10.310	46545	20,405	—	—	—	20,405	—	—	—	—	—	—	—
Total CFDA	10.310		27,004	—	—	—	27,004	—	—	—	—	—	—	—
Pass through Program From: (ARRA) Univ of Minnesota - Trade Adjustment Assistant for Farmers (TAAF)	10.315	H001344216	10,583	—	—	—	10,583	—	—	—	—	—	—	—
(ARRA) Univ of Minnesota - Trade Adjustment Assistant for Farmers (TAAF)	10.315	H001344212	26,024	—	—	—	26,024	—	—	—	—	—	—	—
Total CFDA	10.315		36,607	—	—	—	36,607	—	—	—	—	—	—	—
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443		170,002	170,002	—	—	—	—	—	—	—	—	—	—
Rural Community Development Initiative	10.446		81,389	81,389	—	—	—	—	—	—	—	—	—	—
Pass through Program From: Mississippi State Department of Health - Special Supplemental Nutrition Program for Women	10.557	2000W10	384,403	—	—	—	—	—	—	—	384,403	—	—	—
Pass through Program From: Mississippi Department of Education - U.S. Department of Agriculture	10.558		48,445	—	—	—	—	—	—	—	—	48,445	—	—
Pass through Program From: GA DOE / USDA 20210001	10.560	10-414332-12298	32,691	—	—	—	—	—	—	32,691	—	—	—	—
Team Nutrition Grants	10.574		4,194,857	—	—	—	—	—	—	4,194,857	—	—	—	—
Pass through Program From: AL DOE / USDA	10.574	2008IN253342	10,098	—	—	—	—	—	—	10,098	—	—	—	—
Total CFDA	10.574		4,204,955	—	—	—	—	—	—	4,204,955	—	—	—	—
FNS Food Safety Grants	10.585		224,914	—	—	—	—	—	—	224,914	—	—	—	—
Food for Education	10.608		6,394	—	—	—	6,394	—	—	—	—	—	—	—
Forestry Research	10.652		203,385	—	—	—	203,385	—	—	—	—	—	—	—
Pass through Program From: MS Forestry Comm - Cooperative Forestry Assistance	10.664	10030301	135,603	—	—	—	135,603	—	—	—	—	—	—	—
MS Forestry Comm - Cooperative Forestry Assistance	10.664	11030265	13,821	—	—	—	13,821	—	—	—	—	—	—	—
Total CFDA	10.664		149,424	—	—	—	149,424	—	—	—	—	—	—	—
Rural Cooperative Development Grants	10.771		214,217	—	—	—	214,217	—	—	—	—	—	—	—
Child Nutrition Cluster														
Summer Food Service Program for Children	10.559		22,261	—	—	—	—	—	22,261	—	—	—	—	—
Total Child Nutrition Cluster			22,261	—	—	—	—	—	22,261	—	—	—	—	—
SNAP Cluster														
Pass through Program From: MDHS - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	527B101A	629,581	—	—	—	629,581	—	—	—	—	—	—	—
MDHS - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	527B111A	1,349,307	—	—	—	1,349,307	—	—	—	—	—	—	—
Total SNAP Cluster			1,978,888	—	—	—	1,978,888	—	—	—	—	—	—	—
Total U.S. Department of Agriculture			9,465,119	414,080	—	—	3,264,349	—	864,892	4,488,950	384,403	48,445	—	—
U.S. Department of Commerce:														
U.S. Department of Commerce	11.000		11,297	—	—	—	—	—	—	—	—	11,297	—	—
Pass through Program From: Mississippi Technology Alliance - U.S. Department of Commerce	11.000	MEP-2010KAT	3,629	—	—	—	—	—	—	—	—	3,629	—	—
Total CFDA	11.000		14,926	—	—	—	—	—	—	—	—	14,926	—	—
Economic Development Technical Assistance	11.303		233,781	—	—	91,936	141,845	—	—	—	—	—	—	—
Sea Grant Support	11.417		950,047	—	—	—	—	—	—	787	—	949,260	—	—
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		2,127,567	—	—	—	2,127,567	—	—	—	—	—	—	—
Pass through Program From: GSMFC - Cooperative Fishery Statistics	11.434	EDP-ESF-RB-2010-MSU	22,081	—	—	—	22,081	—	—	—	—	—	—	—



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From:														
MDMR - Unallied Management Projects	11.454	11040406	\$ 310,841	—	—	—	310,841	—	—	—	—	—	—	—
MDMR - Unallied Management Projects	11.454	11-040	8,432	—	—	—	8,432	—	—	—	—	—	—	—
Total CFDA			319,273	—	—	—	319,273	—	—	—	—	—	—	—
Habitat Conservation	11.463		136,137	—	—	—	54,560	—	—	—	—	81,577	—	—
Pass through Program From:														
Gulf of Mexico Fdn - Habitat Conservation	11.463	GCRP #10-03	4,775	—	—	—	4,775	—	—	—	—	—	—	—
MS Department of Marine Resources - U.S. Department of Commerce	11.463	#S-11-USM-JLS-BWET-0	34,979	—	—	—	—	—	—	—	—	34,979	—	—
Total CFDA	11.463		39,754	—	—	—	4,775	—	—	—	—	34,979	—	—
Congressionally Identified Awards and Projects	11.469		1,620,751	—	—	—	—	125,158	—	10,834	—	1,484,759	—	—
Pass through Program From:														
LSU - Congressionally Identified Awards and Projects	11.469	34111	15,553	—	—	—	15,553	—	—	—	—	—	—	—
Total CFDA	11.469		1,636,304	—	—	—	15,553	125,158	—	10,834	—	1,484,759	—	—
Pass through Program From:														
MS Department of Marine Resources - U.S. Department of Commerce	11.473	S08USM-MASGCGOMA-03	32,231	—	—	—	—	—	—	—	—	32,231	—	—
Dauphin Island Sea Lab - Coastal Services Center	11.473	2303JD MSU-03	6,848	—	—	—	6,848	—	—	—	—	—	—	—
Dauphin Island Sea Lab - U.S. Department of Commerce	11.473	2303JD-MEC-02	16,534	—	—	—	—	—	—	—	—	16,534	—	—
Texas A & M Foundation - U.S. Department of Commerce	11.473	S080072	(11,644)	—	—	—	—	—	—	—	—	(11,644)	—	—
Total CFDA	11.473		43,969	—	—	—	6,848	—	—	—	—	37,121	—	—
Pass through Program From:														
(ARRA) Executive Office of the State of Mississippi - Broadband Technology	11.557	NT10BIX5570094	487,263	—	—	—	—	—	—	—	487,263	—	—	—
Pass through Program From:														
Mississippi Technology Alliance - U.S. Department of Commerce	11.611	MEP2010-7	(640)	—	—	—	—	—	—	—	—	(640)	—	—
Mississippi Technology Alliance - U.S. Department of Commerce	11.611	MEP2011-6	102,720	—	—	—	—	—	—	—	—	102,720	—	—
Total CFDA	11.611		102,080	—	—	—	—	—	—	—	—	102,080	—	—
Economic Development Cluster														
Economic Adjustment Assistance	11.307		396,792	—	—	—	—	—	—	—	—	396,792	—	—
Total Economic Development Cluster			396,792	—	—	—	—	—	—	—	—	396,792	—	—
Total U.S. Department of Commerce			6,509,974	—	—	91,936	2,692,502	125,158	—	11,621	487,263	3,101,494	—	—
U.S. Department of Defense:														
U.S. Department of Defense	12.000		1,873,520	—	—	—	297,863	—	—	1,441,348	—	134,309	—	—
Pass through Program From:														
NDEP - US Dept of Defense	12.000	10121353	6,366	—	—	—	6,366	—	—	—	—	—	—	—
Electronic Support Systems - US Dept of Defense	12.000	DO 01	107,411	—	—	—	107,411	—	—	—	—	—	—	—
Electronic Support Systems - US Dept of Defense	12.000	DO 02	35,749	—	—	—	35,749	—	—	—	—	—	—	—
MICC - US Dept of Defense	12.000	W9124D-11-P-0421	47,801	—	—	—	47,801	—	—	—	—	—	—	—
INTL ED-NSEP FY11	12.000	CNTN-07-VT	137,717	—	—	—	—	—	—	137,717	—	—	—	—
US DOD NSEP 09-10	12.000	60NANB6D6134	80,086	—	—	—	—	—	—	80,086	—	—	—	—
INTL ED-NSEP REGR	12.000	2006-1149209-000	28,052	—	—	—	—	—	—	28,052	—	—	—	—
Eyak Technology - U.S. Department of Defense	12.000	PO004817	21,606	—	—	—	—	—	—	—	—	21,606	—	—
Academy of Applied Science - REAP	12.000	10-79, 10-78, 10-80, 10-108	12,148	—	—	12,148	—	—	—	—	—	—	—	—
Total CFDA	12.000		2,350,456	—	—	12,148	495,190	—	—	1,687,203	—	155,915	—	—
Pass through Program From:														
Office of Naval Research - U.S. Department of Defense	12.300	N00173-10-1-G904	66,223	—	—	—	—	—	—	—	—	66,223	—	—
Pass through Program From:														
AAS ARMY JSHS 10	12.431	S08-07	(2,088)	—	—	—	—	—	—	(2,088)	—	—	—	—
Pass through Program From:														
CHINESE Flag NON-SCH	12.551	U631006-OSU-CHN-QIN	297,615	—	—	—	—	—	—	297,615	—	—	—	—
CHINESE Flag SCH	12.551	U634005	92,086	—	—	—	—	—	—	92,086	—	—	—	—
NFL DIS & OUTREACH	12.551	W9137B-06-P-0145	(368)	—	—	—	—	—	—	(368)	—	—	—	—
Total CFDA	12.551		389,333	—	—	—	—	—	—	389,333	—	—	—	—
Pass through Program From:														
AAS ARMY JSHS 11	12.630	W911NF-04-1-0001	3,604	—	—	—	—	—	—	3,604	—	—	—	—
Mathematical Sciences Grants Program	12.901		98,843	—	—	—	—	—	—	98,843	—	—	—	—
Total U.S. Department of Defense			2,906,371	—	—	12,148	495,190	—	—	2,176,895	—	222,138	—	—
U.S. Department of Housing and Urban Development:														
Pass through Program From:														
Hope Community Dev Agency - US Dept of Housing and Urban Development	14.000	10060559	4,299	—	—	—	4,299	—	—	—	—	—	—	—
Back Bay Mission - US Dept of Housing and Urban Development	14.000	10030241	17,498	—	—	—	17,498	—	—	—	—	—	—	—
Ox HUD Innov Center	14.000	NSEP-U631006-UM-CHN	290,259	—	—	—	—	—	—	290,259	—	—	—	—
Total CFDA	14.000		312,056	—	—	—	21,797	—	—	290,259	—	—	—	—
Supportive Housing for Persons with Disabilities	14.181		290,374	—	—	—	—	—	—	—	—	290,374	—	—
Pass through Program From:														
Ox-HUD Innov & Outreach	14.219	B-06-SP-MS-0544	354,684	—	—	—	—	—	—	354,684	—	—	—	—
Supportive Housing Program	14.235		55,870	—	—	—	—	—	—	—	—	55,870	—	—
Restoration of Historic Facilities	14.237		27,227	27,227	—	—	—	—	—	—	—	—	—	—

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: Mississippi Home Corporation - U.S. Dept of Housing & Urban Development	14.239		\$ 46,293	—	—	—	—	—	—	—	—	46,293	—	—
Community Development Block Grants/Brownfields Economic Development Initiative	14.246		682,033	—	—	—	626,649	55,384	—	—	—	—	—	—
Pass through Program From: Gulf Coast Renaissance Corporation - U.S. Dept of Housing & Urban Development	14.248		155	—	—	—	—	—	—	—	—	155	—	—
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		29,062	—	—	—	—	—	29,062	—	—	—	—	—
Pass through Program From: (ARRA) Mississippi United to End Homelessness (ARRA) Lutheran Episcopal Services in MS	14.257	0232IDS/0232	151,486	—	—	—	—	—	—	—	—	151,486	—	—
	14.257		44,240	—	—	—	—	—	—	—	—	44,240	—	—
Total CFDA	14.257		195,726	—	—	—	—	—	—	—	—	195,726	—	—
Pass through Program From: Mississippi Home Corporation - U.S. Dept of Housing & Urban Development	14.316		10,820	—	—	—	—	—	—	—	—	10,820	—	—
<b>CDBG - Entitlement Grants Cluster</b>														
Pass through Program From: City of Jackson - 2010 CDBG Contract	14.218		4,029	—	—	4,029	—	—	—	—	—	—	—	—
<b>Total CDBG - Entitlement Grants Cluster</b>			4,029	—	—	4,029	—	—	—	—	—	—	—	—
<b>CDBG - State Administered CDBG Cluster</b>														
Community Development Block Grants/States Program	14.228		378,927	—	—	—	—	—	—	—	—	—	—	378,927
Pass through Program From: MDA - Community Development Block Grants/States Program	14.228	R116-055A-LTW	175,404	—	—	—	175,404	—	—	—	—	—	—	—
Mississippi Development Authority - U.S. Dept of Housing & Urban Development	14.228	N1807-09-018-USM01	1,172,531	—	—	—	—	—	—	—	—	1,172,531	—	—
<b>Total CDBG - State Administered CDBG Cluster</b>			1,726,862	—	—	—	175,404	—	—	—	—	1,172,531	—	378,927
Total U.S. Department of Housing and Urban Development			3,735,191	27,227	—	4,029	823,850	55,384	29,062	644,943	—	1,771,769	—	378,927
<b>U.S. Department of Interior:</b>														
U.S. Department of Interior	15.000		(6,079)	—	—	—	(6,079)	—	—	—	—	—	—	—
Pass through Program From: MS Choctaw Indians - US Dept of Interior	15.000	06121053	3,485	—	—	—	3,485	—	—	—	—	—	—	—
Total CFDA	15.000		(2,594)	—	—	—	(2,594)	—	—	—	—	—	—	—
Pass through Program From: MS Department of Marine Resources - U.S. Department of the Interior MS Department of Marine Resources - U.S. Department of the Interior	15.426	MCIAP MS.R.798	111,991	—	—	—	—	—	—	—	—	111,991	—	—
	15.426	CIAP MS.R.741	16,943	—	—	—	—	—	—	—	—	16,943	—	—
Total CFDA	15.426		128,934	—	—	—	—	—	—	—	—	128,934	—	—
Fish and Wildlife Management Assistance	15.608		216,175	—	—	—	216,175	—	—	—	—	—	—	—
Pass through Program From: Amview-US Geo 09	15.815	B-04-SP-MS-0383	26,208	—	—	—	—	—	—	26,208	—	—	—	—
Pass through Program From: National Park Services - HBCU/Belles Lettres Hall	15.932		23,549	23,549	—	—	—	—	—	—	—	—	—	—
<b>Fish and Wildlife Cluster</b>														
Pass through Program From: Puerto Rico DNER - Sport Fish Restoration Program	15.605		295,219	—	—	—	295,219	—	—	—	—	—	—	—
<b>Total Fish and Wildlife Cluster</b>			295,219	—	—	—	295,219	—	—	—	—	—	—	—
Total U.S. Department of Interior			687,491	23,549	—	—	508,800	—	—	26,208	—	128,934	—	—
<b>U.S. Department of Justice:</b>														
U.S. Department of Justice	16.000		314,141	—	—	—	313,283	—	—	858	—	—	—	—
Pass through Program From: City of Hattiesburg - U.S. Department of Justice	16.000	GM003569	39,297	—	—	—	—	—	—	—	—	39,297	—	—
Total CFDA	16.000		353,438	—	—	—	313,283	—	—	858	—	39,297	—	—
Pass through Program From: Forrest County - U.S. Department of Justice Leflore County - U.S. Department of Justice	16.523	07JB1181	66,845	—	—	—	—	—	—	—	—	66,845	—	—
	16.523	GM003757	2,777	—	—	—	—	—	—	—	—	2,777	—	—
Total CFDA	16.523		69,622	—	—	—	—	—	—	—	—	69,622	—	—
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		370,193	—	—	247,590	35,166	—	—	87,437	—	—	—	—
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		226,469	—	—	226,469	—	—	—	—	—	—	—	—
Missine Children's Assistance	16.543		216,874	—	—	—	—	—	—	216,874	—	—	—	—
Pass through Program From: City of Hattiesburg - U.S. Department of Justice	16.548		1	—	—	—	—	—	—	—	—	1	—	—
<b>Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program</b>														
Pass through Program From: Forrest County - U.S. Department of Justice	16.580		216,927	80,835	—	—	—	—	—	10	—	136,082	—	—
	16.580		10,225	—	—	—	—	—	—	—	—	10,225	—	—
Total CFDA			227,152	80,835	—	—	—	—	—	10	—	146,307	—	—

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: DPS DOJ 2006-WF-AX	16.588	08HQGR0157	\$ 65,034	—	—	—	—	—	—	65,034	—	—	—	—
Project Safe Neighborhoods	16.609		6,250	—	—	—	—	—	—	—	—	6,250	—	—
Public Safety Partnership and Community Policing Grants	16.710		323,816	—	—	—	—	—	—	—	—	323,816	—	—
U.S. Department of Justice	16.712		(80)	—	—	—	—	—	—	—	—	(80)	—	—
Juvenile Mentoring Program	16.726		2,145	2,145	—	—	—	—	—	—	—	—	—	—
Pass through Program From: National 4-H Council - Juvenile Mentoring Program	16.726	11070669	54,969	—	—	—	54,969	—	—	—	—	—	—	—
Total CFDA	16.726		57,114	2,145	—	—	54,969	—	—	—	—	—	—	—
Pass through Program From: Mississippi Department of Public Safety - U.S. Department of Justice	16.727	09-UA-412-1	21,792	—	—	—	—	—	—	—	—	21,792	—	—
Congressionally Recommended Awards	16.753		2,844,423	—	—	—	—	—	—	1,830,678	—	1,013,745	—	—
(ARRA) Internet Crimes against Children Task Force Program (ICAC)	16.800		208,921	—	—	—	—	—	—	208,921	—	—	—	—
(ARRA) Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		251,049	—	—	—	—	—	—	—	—	251,049	—	—
Total U.S. Department of Justice			5,242,068	82,980	—	474,059	403,418	—	—	2,409,812	—	1,871,799	—	—
U.S. Department of Labor: Productivity and Technology Data	17.004		13,986	13,986	—	—	—	—	—	—	—	—	—	—
WIA Pilots, Demonstrations, and Research Projects	17.261		103,216	—	—	—	—	—	54,049	—	—	49,167	—	—
Workforce Investment Act (WIA) Cluster Pass through Program From:														
MDES - WIA Adult Program (A)	17.258	9-S90-014-W6729-1	3,785,588	—	—	—	3,785,588	—	—	—	—	—	—	—
MDES - WIA Adult Program (A)	17.258	9-S85-014-672-1	136,493	—	—	—	136,493	—	—	—	—	—	—	—
MDES - Early Childhood Care and Education	17.258	9-S90-018-672-1	87,700	—	—	87,700	—	—	—	—	—	—	—	—
(ARRA) MDES - WIA Adult Program	17.258	MDES 9-S85-014-6528-1	613,628	—	—	—	613,628	—	—	—	—	—	—	—
(ARRA) MONT INST-DOL	17.258	W6528 PY09	11,929	—	—	—	—	—	11,929	—	—	—	—	—
<b>Total Workforce Investment Act (WIA) Cluster</b>			4,635,338	—	—	87,700	4,535,709	—	—	11,929	—	—	—	—
Total U.S. Department of Labor			4,752,540	13,986	—	87,700	4,535,709	—	—	54,049	—	49,167	—	—
U.S. Department of State: Pass through Program From:														
IREX - US DEPT STATE	19.000	2005-JB-FX-0047	3,200	—	—	—	—	—	—	3,200	—	—	—	—
CIED/Georgetown - FY09 NESAs Undergraduate Exchange	19.000	JSU-RX2050-897-09-C	11,241	—	—	11,241	—	—	—	—	—	—	—	—
Total U.S. Department of State			14,441	—	—	11,241	—	—	—	3,200	—	—	—	—
U.S. Department of Transportation: U.S. Department of Transportation	20.000		67,444	—	—	67,444	—	—	—	—	—	—	—	—
Pass through Program From:														
MDOT - US Dept of Transportation	20.000	MDOT 104985 101000	5,296	—	—	—	5,296	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MOA with MDOT /SC Entrance	150,279	—	—	—	150,279	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MOA with MDOT /NC Entrance	43,449	—	—	—	43,449	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	106002 155000 SS#232 WA2007-23	46,697	—	—	—	46,697	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	NST1-2010-00(002)105011 107000	72,685	—	—	—	72,685	—	—	—	—	—	—	—
Mississippi Department of Transportation - U.S. Department of Transportation	20.000	State Project 105826	730,307	—	—	—	—	—	—	—	—	730,307	—	—
MDOT - 2011 MCT2	20.000	USDOT FEDERAL HIGHWAY	139,838	—	—	139,838	—	—	—	—	—	—	—	—
MDPS - FY11 Diversity Safety Summit	20.000	11-OP-400-1	21,931	—	—	21,931	—	—	—	—	—	—	—	—
Fence Project (MDOT)	20.000	Fence Project (MDOT)	247,047	—	—	—	—	247,047	—	—	—	—	—	—
Office of Highway Safety - U.S. Department of Transportation	20.000	10-PT-412-1	107,390	—	—	—	—	—	—	—	—	107,390	—	—
Office of Highway Safety - U.S. Department of Transportation	20.000	10-OP-412-1	29,456	—	—	—	—	—	—	—	—	29,456	—	—
Mississippi Department of Transportation - MCT2 2009	20.000	USDOT FEDERAL HWY	153	—	—	153	—	—	—	—	—	—	—	—
Mississippi Department of Transportation - MCT2 2010	20.000	USDOT FEDERAL HWY	188,419	—	—	188,419	—	—	—	—	—	—	—	—
Total CFDA	20.000		1,850,391	—	—	417,785	565,453	—	—	—	—	867,153	—	—
Airport Improvement Program	20.106		274,841	—	—	—	—	—	—	274,841	—	—	—	—
Pass through Program From:														
MDOT - MS Summer Transportation Institute	20.200		7,341	7,341	—	—	—	—	—	—	—	—	—	—
MDOT - MS Summer Transportation Institute	20.200		47,459	47,459	—	—	—	—	—	—	—	—	—	—
MDOT - MS Transportation Institute 2011	20.200		15,565	15,565	—	—	—	—	—	—	—	—	—	—
Total CFDA	20.200		70,365	70,365	—	—	—	—	—	—	—	—	—	—
Pass through Program From: MDOT - Highway Training and Education	20.215		80	—	—	—	80	—	—	—	—	—	—	—
Public Transportation Research	20.514		5,000	—	—	5,000	—	—	—	—	—	—	—	—
Pass through Program From: Office of Highway Safety - U.S. Department of Transportation	20.607	11-TA-412-2	98,195	—	—	—	—	—	—	—	—	98,195	—	—
Highway Planning and Construction Cluster Highway Planning and Construction	20.205		40,145	—	—	—	40,145	—	—	—	—	—	—	—
<b>Total Highway Planning and Construction Cluster</b>			40,145	—	—	—	40,145	—	—	—	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Highway Safety Cluster														
Pass through Program From:														
MDPSP - State and Community Highway Safety	20.600	11-PT-401-01	\$ 170,346	—	—	—	170,346	—	—	—	—	—	—	—
MDPSP - State and Community Highway Safety	20.600	10-TA-401-01	11,312	—	—	—	11,312	—	—	—	—	—	—	—
Office of Highway Safety - U.S. Department of Transportation	20.600	11-OP-412-1	128,581	—	—	—	—	—	—	—	—	128,581	—	—
Office of Highway Safety - U.S. Department of Transportation	20.600	11-PT-412-1	387,046	—	—	—	—	—	—	—	—	387,046	—	—
Office of Highway Safety - U.S. Department of Transportation	20.600	10-TA-412-2	47,392	—	—	—	—	—	—	—	—	47,392	—	—
Total CFDA	20.600		744,677	—	—	—	181,658	—	—	—	—	563,019	—	—
Pass through Program From:														
MDPSP - Alcohol Traffic Safety and Drunk Driving Prevention	20.601	10-PT-401-01	45,747	—	—	—	45,747	—	—	—	—	—	—	—
Pass through Program From:														
City of Oxford-MDOT	20.610	2006-JF-FX-0053	49,858	—	—	—	—	—	—	49,858	—	—	—	—
Total Highway Safety Cluster			840,282	—	—	—	227,405	—	—	49,858	—	563,019	—	—
Total U.S. Department of Transportation			3,179,299	70,365	—	462,930	792,938	—	—	324,699	—	1,528,367	—	—
U.S. Department of the Treasury:														
Pass through Program From:														
Mississippi Home Corporation - U.S. Department of the Treasury	21.000		120	—	—	—	—	—	—	—	—	120	—	—
Total U.S. Department of the Treasury			120	—	—	—	—	—	—	—	—	120	—	—
Appalachian Regional Commission:														
Appalachian Regional Commission	23.000		99,618	—	—	—	99,618	—	—	—	—	—	—	—
Pass through Program From:														
Marshall Univ - Appalachian Regional Commission	23.000	E1006808	2,998	—	—	—	2,998	—	—	—	—	—	—	—
Total CFDA	23.000		102,616	—	—	—	102,616	—	—	—	—	—	—	—
Appalachian Regional Development	23.001		80,542	—	—	—	80,542	—	—	—	—	—	—	—
Pass through Program From:														
Noxubee Co SD - Appalachian Supplements to Federal Grant-in-Aid (Community)	23.002	Noxubee Co SD 10070652	489	—	—	—	489	—	—	—	—	—	—	—
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011		162,311	—	—	—	111,547	50,764	—	—	—	—	—	—
Pass through Program From:														
Delta Regional Authority - Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	Delta Regional Authority	(6,773)	—	—	—	(6,773)	—	—	—	—	—	—	—
Total CFDA	23.011		155,538	—	—	—	104,774	50,764	—	—	—	—	—	—
Total Appalachian Regional Commission			339,185	—	—	—	288,421	50,764	—	—	—	—	—	—
National Aeronautics and Space Administration:														
Aerospace Education Services Program	43.001		645,851	10,000	—	—	30,072	—	—	592,938	—	12,841	—	—
Pass through Program From:														
NASA Space Grant	43.001		18,234	—	—	—	—	—	18,234	—	—	—	—	—
Total CFDA	43.001		664,085	10,000	—	—	30,072	—	18,234	592,938	—	12,841	—	—
Total National Aeronautics and Space Administration			664,085	10,000	—	—	30,072	—	18,234	592,938	—	12,841	—	—
National Endowment for the Humanities:														
National Endowment for the Humanities	45.000		240	—	—	240	—	—	—	—	—	—	—	—
Pass through Program From:														
MS Arts Comm - National End. For the Humanities	45.000	11-214-MH/PG	4,750	—	—	—	4,750	—	—	—	—	—	—	—
MS Arts Commission - National End. For the Humanities	45.000	11-48-AL/PG	4,250	—	—	—	4,250	—	—	—	—	—	—	—
MS Arts Commission - National End. For the Humanities	45.000	11-60-AL/PG	4,305	—	—	—	4,305	—	—	—	—	—	—	—
Southern Arts Federation - National End. For the Humanities	45.000	09121299	10,412	—	—	—	10,412	—	—	—	—	—	—	—
MAC NEA '11 CONF BK	45.000	048C4111	4,250	—	—	—	—	—	—	4,250	—	—	—	—
Southern Arts Federation - National Endowment for the Arts	45.000	37562010	500	—	—	—	—	—	—	—	—	500	—	—
Mississippi Arts Commission - National Endowment for the Arts	45.000	11-88-MH/PG	4,750	—	—	—	—	—	—	—	—	4,750	—	—
Total CFDA	45.000		33,457	—	—	240	23,717	—	—	4,250	—	5,250	—	—
Promotion of the Arts-Grants to Organizations and Individuals	45.024		8,643	—	—	—	3,643	—	—	5,000	—	—	—	—
Pass through Program From:														
Land Trust for MS Coastal Plain - Promotion of the Arts Grants to Orgs and Individuals	45.024	10020220	20,499	—	—	—	20,499	—	—	—	—	—	—	—
NEFA NEA DC-08-09	45.024	05SC4111	6,000	—	—	—	—	—	—	6,000	—	—	—	—
MAC NEA OSF SEAS 10	45.024	062900-363991-01	4,250	—	—	—	—	—	—	4,250	—	—	—	—
Arts Midwest - National Endowment for the Arts	45.024		11,900	—	—	—	—	—	—	—	—	11,900	—	—
Total CFDA	45.024		51,292	—	—	—	24,142	—	—	15,250	—	11,900	—	—
Pass through Program From:														
MS Arts Comm - Promotion of the Arts Partnership Agreements	45.025	11-451-AL/MG2	804	—	—	—	804	—	—	—	—	—	—	—
Mississippi Arts Commission - National Endowment for the Arts	45.025	10-511-ALLU	330	—	—	—	—	—	—	—	—	330	—	—
Mississippi Arts Commission - National Endowment for the Arts	45.025	11-65-MH/PG	4,750	—	—	—	—	—	—	—	—	4,750	—	—
(ARRA) SOUTH ARTS NEA	45.025	3658.000	7,500	—	—	—	—	—	—	7,500	—	—	—	—
(ARRA) Mississippi Arts Commission - National Endowment for the Arts	45.025	10-374-AL/ARI	1,142	—	—	—	—	—	—	—	—	1,142	—	—
Total CFDA	45.025		14,526	—	—	—	804	—	—	7,500	—	6,222	—	—
Pass through Program From:														
Mississippi Humanities Council - National Endowment for the Humanities	45.100	M5OH10-10-100	2,800	—	—	—	—	—	—	—	—	2,800	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.100	MHC-RG10-08-099	3,786	—	—	—	—	—	—	—	—	3,786	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.100	RG10-08-104	1,000	—	—	—	—	—	—	—	—	1,000	—	—
Total CFDA	45.100		7,586	—	—	—	—	—	—	—	—	7,586	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	M CVS
Pass through Program From:														
MHC NEH RG10-08-114	45.129	S-ECAAE-09-CA-036	\$ 5,000	—	—	—	—	—	—	5,000	—	—	—	—
MHC-RG08-097 NEH	45.129	NHTSA-54	3,681	—	—	—	—	—	—	3,681	—	—	—	—
MHC NEH RG10-08-091	45.129	SRTSP-0360	1,500	—	—	—	—	—	—	1,500	—	—	—	—
MHC '10 SO FOOD SYM	45.129	HST-ED-90302.01 A	1,500	—	—	—	—	—	—	1,500	—	—	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.129	RG10-08-105	1,500	—	—	—	—	—	—	—	—	1,500	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.129	RG10-08-111	1,474	—	—	—	—	—	—	—	—	1,474	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.129	RG10-08-121	1,033	—	—	—	—	—	—	—	—	1,033	—	—
MHC - 4th Annual Creative Arts Festival:	45.129	MHC-RG10-08-085	600	—	—	600	—	—	—	—	—	—	—	—
Total CFDA	45.129		16,288	—	—	600	—	—	—	11,681	—	4,007	—	—
Pass through Program From:														
Mississippi Humanities Council - National Endowment for the Humanities	45.149		3,024	—	—	—	—	—	—	—	—	3,024	—	—
Promotion of the Humanities Teaching and Learning Resources	45.162		48,280	48,280	—	—	—	—	—	—	—	—	—	—
Promotion of the Humanities Professional Development	45.163		1,348	—	1,348	—	—	—	—	—	—	—	—	—
Pass through Program From:														
Mississippi Humanities Council - National Endowment for the Humanities	45.164		11,688	—	—	—	—	—	—	—	—	11,688	—	—
Promotion of the Humanities Professional Development	45.204		26,000	—	26,000	—	—	—	—	—	—	—	—	—
National Leadership Grants	45.312		363,480	—	—	—	—	—	—	363,480	—	—	—	—
Laura Bush 21st Century Librarian Program	45.313		183,196	—	—	—	—	—	—	—	—	183,196	—	—
Total National Endowment for the Humanities			760,165	48,280	27,348	840	48,663	—	—	402,161	—	232,873	—	—
U.S. Small Business Administration:														
U.S. Small Business Administration	59.000		2,269,343	—	—	18,949	137,583	—	—	1,746,199	—	366,612	—	—
Pass through Program From:														
Magnolia Business Alliance - U.S. Small Business Administration	59.000	MBA2010-001	5,993	—	—	—	—	—	—	—	—	5,993	—	—
SBA - Lynch Street Corridor Redevelopment	59.000	SBAHQ-09-I-0085	139,178	—	—	139,178	—	—	—	—	—	—	—	—
Total CFDA	59.000		2,414,514	—	—	158,127	137,583	—	—	1,746,199	—	372,605	—	—
Small Business Development Centers	59.037		1,092,035	—	—	279,417	—	—	—	812,618	—	—	—	—
Total U.S. Small Business Administration			3,506,549	—	—	437,544	137,583	—	—	2,558,817	—	372,605	—	—
Tennessee Valley Authority:														
Tennessee Valley Authority	62.000		6,798	—	—	—	6,798	—	—	—	—	—	—	—
Total Tennessee Valley Authority			6,798	—	—	—	6,798	—	—	—	—	—	—	—
U.S. Veterans Administration:														
U.S. Veterans Administration	64.000		229,667	—	—	—	—	—	—	106,189	123,478	—	—	—
Total U.S. Veterans Administration			229,667	—	—	—	—	—	—	106,189	123,478	—	—	—
Environmental Protection Agency:														
Pass through Program From:														
MDEQ - US Environmental Protection Agency	66.000	09-01020	10,577	—	—	—	10,577	—	—	—	—	—	—	—
National Clean Diesel Emissions Reduction Program	66.039		745,949	—	—	—	745,949	—	—	—	—	—	—	—
Congressionally Mandated Projects	66.202		176,980	—	—	—	176,980	—	—	—	—	—	—	—
Pass through Program From:														
MDEQ - Nonpoint Source Implementation Grants	66.460	11-00018	76	—	—	—	76	—	—	—	—	—	—	—
MDEQ - Nonpoint Source Implementation Grants	66.460	11-00014	21,952	—	—	—	21,952	—	—	—	—	—	—	—
MDEQ - Nonpoint Source Implementation Grants	66.460	11-00013	65,000	—	—	—	65,000	—	—	—	—	—	—	—
MDEQ - Nonpoint Source Implementation Grants	66.460	06-00732	53,206	—	—	—	53,206	—	—	—	—	—	—	—
MDEQ - Nonpoint Source Implementation Grants	66.460	07-00794	245	—	—	—	245	—	—	—	—	—	—	—
Ducks Unlimited, Inc. - Nonpoint Source Implementation Grants	66.460	US-MS-99-1	11,817	—	—	—	11,817	—	—	—	—	—	—	—
Total CFDA	66.460		152,296	—	—	—	152,296	—	—	—	—	—	—	—
Pass through Program From:														
MSDH - Capitalization Grants for Drinking Water State Revolving Fund	66.468	8800LIO	20,096	—	—	—	20,096	—	—	—	—	—	—	—
MSDH - Capitalization Grants for Drinking Water State Revolving Fund	66.468	8800LIO	54,903	—	—	—	54,903	—	—	—	—	—	—	—
Total CFDA	66.468		74,999	—	—	—	74,999	—	—	—	—	—	—	—
Pass through Program From:														
MSDH - State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	11070687	335,735	—	—	—	335,735	—	—	—	—	—	—	—
Pass through Program From:														
MS Department of Environmental Quality - U.S. Environmental Protection Agency	66.472	10-01USM/GCRL-18	22,420	—	—	—	—	—	—	—	—	22,420	—	—
Gulf of Mexico Program	66.475		89,692	—	—	—	—	—	—	—	—	89,692	—	—
Pass through Program From:														
FL Dept of Environmental Protection - U.S. Environmental Protection Agency	66.475	G0297	20,000	—	—	—	—	—	—	—	—	20,000	—	—
Total CFDA	66.475		109,692	—	—	—	—	—	—	—	—	109,692	—	—
Pass through Program From:														
MDEQ - Performance Partnership Grants	66.605	09-01043	199	—	—	—	199	—	—	—	—	—	—	—
Environmental Education Grants	66.951		26,332	—	—	—	—	—	—	—	—	26,332	—	—
Total Environmental Protection Agency			1,655,179	—	—	—	1,496,735	—	—	—	—	158,444	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board	MCVS
													Office	
U.S. Nuclear Regulatory Commission:														
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		\$ 44,078	44,078										
Total U.S. Nuclear Regulatory Commission			44,078	44,078										
U.S. Department of Energy:														
Office of Science Financial Assistance Program	81.049		124,754			124,754								
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical	81.117		2,480				2,480							
Pass through Program From:														
(ARRA) Illinois Inst of Tech - Electricity Delivery and Energy Reliability, Research, Development, and Analysis (B)	81.122	SA43209106954	40,384				40,384							
Total U.S. Department of Energy			167,618			124,754	42,864							
U.S. Department of Education:														
U.S. Department of Education	84.000		246,057			246,057								
Pass through Program From:														
MSDH - US Dept of Education	84.000	20000ITO	644				644							
NCEE - US Dept of Education	84.000	s-0801480	298				298							
MDRS - US Dept of Education	84.000	10-331-11000-132	4				4							
Pontotoc CS - US Dept of Education	84.000	Pontotoc CS 10010069	199				199							
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020168	228				228							
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020169	146				146							
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020170	(143)				(143)							
Center for Civic Ed - US Dept of Education	84.000		(71)				(71)							
Mississippi Department of Education - U.S. Department of Education	84.000	073201EA08BB264640-2	23,557									23,557		
Mississippi Department of Education - U.S. Department of Education	84.000		370,484									370,484		
Office of Highway Safety - U.S. Department of Education	84.000	09-DF-412-1	82,540									82,540		
MDRS - US Dept of Education	84.000	10-331-1000-605	9,970				9,970							
MS Band of Cherokee Indians	84.000	09121391	548				548							
MDRS - US Dept of Education	84.000	11-331-7000-002	342,540				342,540							
MDRS - US Dept of Education	84.000	11-653-1100-550	5,963				5,963							
Center for Civic Ed - US Dept of Education	84.000	11030368	9,998				9,998							
Louisville Public SD - US Dept of Education	84.000		16,591				16,591							
Hattiesburg Public School District - U.S. Department of Education	84.000		45,025									45,025		
Lawrence County School District - U.S. Department of Education	84.000		46,800									46,800		
Office of Highway Safety - U.S Department of Education	84.000	08-DF-412-2	9,431									9,431		
Total CFDA	84.000		1,210,809			246,057	386,915					577,837		
Pass through Program From:														
MDE - US Dept of Education	84.002	FY 2011 Workforce Education	2,494,031				2,494,031							
MSB/CIC - 2010-2011 Adult Education	84.002		2,130			2,130								
MS State Board of Community & Jr. Colleges - 2010 Remedial Education	84.002		113,249			113,249								
Total CFDA	84.002		2,609,410			115,379	2,494,031							
Pass through Program From:														
MDE - Migrant Education-State Grant Program	84.011	10/3201/EA09/8239/B058/001	479,456				479,456							
MDE - Migrant Education-State Grant Program	84.011	11/3201/EA09/8239/B050/001	839,339				839,339							
Total CFDA	84.011		1,318,795				1,318,795							
Higher Education-Institutional Aid - CCAA-Title III	84.031		12,341,551	3,353,368		4,595,178			4,063,823			329,182		
Leveraging Educational Assistance Partnership (LEAP)	84.069		553,875			48,375	35,546	32,244	25,061	89,030	6,097	31,207	286,315	
Patricia Roberts Harris Fellowship Program	84.094		5,657				5,657							
Fund for the Improvement of Postsecondary Education	84.116		1,447,985	15,289			69,419		140,621	637,299		585,357		
Pass through Program From:														
MO UST / US DOED	84.116	MHC-RG09-08-	13,889							13,889				
Total CFDA	84.116		1,461,874	15,289			69,419		140,621	651,188		585,357		
Minority Science and Engineering Improvement	84.120		1,802,653			1,802,653								
Rehabilitation Long-Term Training	84.129		212,790			49,946	162,844							
Migrant Education-High School Equivalency Program	84.141		468,433						468,433					
Javits Fellowships	84.170		34,401							34,401				
Paul Douglas Teacher Scholarship Program	84.176		487									487		
Safe and Drug-Free Schools and Communities-National Programs	84.184		284,381				179,281					105,100		
Graduate Assistance in Areas of National Need	84.200		185,795				43,635			142,160				
Fund for the Improvement of Education	84.215		1,401,018			218,590	450,911			508,351		223,166		
Pass through Program From:														
Council for Economic Ed - Fund for the Improvement of Education	84.215	1002462	1,611				1,611							
Total CFDA	84.215		1,402,629			218,590	452,522			508,351		223,166		
Pass through Program From:														
MDRS - State Grants for Assistive Technology	84.224	10-331-1800-010	5,934				5,934							
MDRS - State Grants for Assistive Technology	84.224	11-331-1800-010	6,447				6,447							
Total CFDA	84.224		12,381				12,381							

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	M CVS
Pass through Program From: MS Department of Rehabilitation Services - U.S. Department of Education	84.234	11-331-1800-005	\$ 7,169	—	—	—	—	—	—	—	—	7,169	—	—
Pass through Program From: Mississippi Department of Education - FY2010 21st CCLC	84.287	CL10-8301	10,182	—	—	10,182	—	—	—	—	—	—	—	—
Mississippi Department of Education - FY2011 21st CCLC	84.287	CL11-8301	109,604	—	—	109,604	—	—	—	—	—	—	—	—
Total CFDA	84.287		119,786	—	—	119,786	—	—	—	—	—	—	—	—
Pass through Program From: Center for Civic Ed - Civic Education - Cooperative Education Exchange Program	84.304	CC09-10 5805MS	6,955	—	—	—	6,955	—	—	—	—	—	—	—
CCE/US DOED C304D	84.304		1,183	—	—	—	—	—	—	1,183	—	—	—	—
CCE USDOED Q304D1	84.304	560109-361079-02	19,958	—	—	—	—	—	—	19,958	—	—	—	—
Total CFDA	84.304		28,096	—	—	—	6,955	—	—	21,141	—	—	—	—
Pass through Program From: Mississippi Department of Education - U.S. Department of Education	84.323		336,787	—	—	—	—	—	—	—	—	336,787	—	—
Mississippi Department of Education - U.S. Department of Education	84.323		177,896	—	—	—	—	—	—	—	—	177,896	—	—
Total CFDA	84.323		514,683	—	—	—	—	—	—	—	—	514,683	—	—
Special Education - Personnel Development to Improve Services and Results for Children	84.325		742,952	—	—	635,330	—	—	—	—	—	107,622	—	—
Pass through Program From: Jackson Public School District - 2010 - 2011 Supplemental Education State & Federal Program	84.325		188,352	—	—	188,352	—	—	—	—	—	—	—	—
Total CFDA	84.325		931,304	—	—	823,682	—	—	—	—	—	107,622	—	—
Special Education-Technical Assistance and Dissemination to Improve Services and Results	84.326		183,798	—	—	—	—	—	—	—	—	183,798	—	—
Gaining Early Awareness and Readiness for Undergraduate Programs (GearUp)	84.334		2,929,916	26,698	—	—	—	—	—	—	—	—	2,903,218	—
Child Care Access Means Parents in School	84.335		273,276	—	—	—	133,252	—	—	—	—	140,024	—	—
Transition to Teaching - Local Projects	84.350		358,726	—	—	—	358,726	—	—	—	—	—	—	—
Pass through Program From: Kennedy Center - Arts in Education (B)	84.351	Kennedy Center 09111231	102	—	—	—	102	—	—	—	—	—	—	—
Kennedy Center - Arts in Education (B)	84.351	PO119616	7,500	—	—	—	7,500	—	—	—	—	—	—	—
Total CFDA	84.351		7,602	—	—	—	7,602	—	—	—	—	—	—	—
Mathematics and Science Partnerships	84.366		309,093	—	—	309,093	—	—	—	—	—	—	—	—
Pass through Program From: MDE - Mathematics and Science Partnerships (B)	84.366	103201EA084640BB29-05	489,880	—	—	—	489,880	—	—	—	—	—	—	—
MDE USDE S366B0900	84.366	S367B080021A	399,190	—	—	—	—	—	—	399,190	—	—	—	—
Mississippi Department of Education - 2010 - 2013 Math and Science Partnership	84.366	103201EA084640BB29-04	495,498	—	—	495,498	—	—	—	—	—	—	—	—
MDE - Mathematics and Science Partnership	84.366	103201EA084640BB29-03	514,099	—	—	—	514,099	—	—	—	—	—	—	—
Total CFDA	84.366		2,207,760	—	—	804,591	1,003,979	—	—	399,190	—	—	—	—
Improving Teacher Quality State Grants	84.367		919,598	—	—	—	—	—	—	—	—	—	919,598	—
Pass through Program From: MDOT - The Dwight Eisenhower Program	84.367	DDEHBC08X00107	4,520	—	—	4,520	—	—	—	—	—	—	—	—
Total CFDA	84.367		924,118	—	—	4,520	—	—	—	—	—	—	919,598	—
Pass through Program From: MDEC - USDE	84.368	MS-5080	35,742	—	—	—	—	—	—	35,742	—	—	—	—
College Access Challenge Grant Program	84.378		1,244,381	—	—	—	—	—	—	—	—	—	1,244,381	—
Strengthening Minority-Serving Institutions	84.382		365,349	365,349	—	—	—	—	—	—	—	—	—	—
U.S. Department of Education	84.928		142,496	—	—	—	—	—	—	60,570	—	81,926	—	—
Pass through Program From: University of California - Alcorn Writing Project 02	84.928		55,943	55,943	—	—	—	—	—	—	—	—	—	—
Univ of CA - National Writing Project	84.928	02030241 NWP	27,600	—	—	—	27,600	—	—	—	—	—	—	—
Univ of California - National Writing Project	84.928		67,388	—	—	—	67,388	—	—	—	—	—	—	—
Total CFDA	84.928		293,427	55,943	—	—	94,988	—	—	60,570	—	81,926	—	—
Hurricane Education Recovery	84.938		54,978	—	—	—	—	—	—	—	—	54,978	—	—
TRIO Cluster:														
TRIO-Student Support Services	84.042		1,169,740	358,393	—	—	239,678	—	302,956	—	—	268,713	—	—
TRIO-Talent Search	84.044		396,084	—	—	—	—	—	396,084	—	—	—	—	—
TRIO-Upward Bound	84.047		1,102,327	263,388	—	216,173	—	—	622,766	—	—	—	—	—
TRIO-McNair Post-Baccalaureate Achievement	84.217		1,090,402	—	—	626,097	—	—	—	242,978	—	221,327	—	—
Total TRIO Cluster			3,758,553	621,781	—	842,270	239,678	—	1,321,806	242,978	—	490,040	—	—
Vocational Rehabilitation Cluster														
Pass through Program From: MN Services for the Blind -Rehabilitation Services Vocational Rehabilitation Grants	84.126	06080723	2,794	—	—	—	2,794	—	—	—	—	—	—	—
MDRS - Rehabilitation Services Vocational Rehabilitation Grants	84.126	11-331-11000-01320	51,274	—	—	—	51,274	—	—	—	—	—	—	—
Total Vocational Rehabilitation Cluster			54,068	—	—	—	54,068	—	—	—	—	—	—	—
Educational Technology State Grants Cluster														
Education Technology State Grants	84.318		228,602	—	—	—	228,602	—	—	—	—	—	—	—
Pass through Program From: MDE -Education Technology State Grants	84.318	073201EA08-BB264640-03	10,681	—	—	—	10,681	—	—	—	—	—	—	—
Total Educational Technology State Grants Cluster			239,283	—	—	—	239,283	—	—	—	—	—	—	—

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS		
Statewide Data Systems Cluster Pass through Program From: (ARRA) Statewide Longitudinal Data System	84.384		\$ 17,645	—	—	—	—	—	—	—	—	—	17,645	—		
<b>Total Statewide Data Systems Cluster</b>			17,645	—	—	—	—	—	—	—	—	—	17,645	—		
State Fiscal Stabilization Fund Cluster Pass through Program From: (ARRA) State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	MS Dept of Finance and Admin	57,479,583	2,308,093	2,764,117	4,747,807	13,122,669	1,807,346	1,794,515	9,425,066	11,227,683	10,282,287	—	—		
<b>Total State Fiscal Stabilization Fund Cluster</b>			57,479,583	2,308,093	2,764,117	4,747,807	13,122,669	1,807,346	1,794,515	9,425,066	11,227,683	10,282,287	—	—		
Total U.S. Department of Education			95,935,164	6,746,521	2,764,117	14,418,834	20,422,226	1,839,590	7,814,259	11,609,817	11,233,780	13,714,376	5,371,644	—		
Delta Regional Authority: Pass through Program From: Delta Rez MS-5080	90.201	1H79T1019628-01	41,806	—	—	—	—	—	—	41,806	—	—	—	—		
Total Delta Regional Authority			41,806	—	—	—	—	—	—	41,806	—	—	—	—		
U.S. Department of Health and Human Services: Pass through Program From: University of Massachusetts Boston - U.S. Dept of Health and Human Services PACE Headstart - U.S. Department of Health and Human Services Office of Minority Health - U.S. Department of Health and Human Services Friends of the Congressional Glaucoma Caucus-Student Sight Saver Program Grant #35 University of Alabama - Systolic Blood Pressure Intervention Trial University of Alabama Birmingham - Sexually Transmitted Infections Clinical Trials Group	93.000 93.000 93.000 93.000 93.000 93.000	Ref #890  IPA-07-002 SSSP35 HHSN26820900047C HHSN266200400073C	9,505 10,932 120,509 376 2,980 82,211	— — — — — —	— — — — — —	— — — — — —	— — — — — —	— — — — — —	— — — — — —	— — — 376 2,980 82,211	— — — — — —	— — — — — —	— — — — — —	9,505 10,932 120,509 — — —	— — — — — —	— — — — — —
<b>Total CFDA</b>	93.000		226,513	—	—	—	—	—	—	—	85,567	140,946	—	—		
Pass through Program From: MDHS - Community-Based Abstinence Education (CBAE) (B)	93.010	527AF91	42,489	—	—	—	42,489	—	—	—	—	—	—	—		
Maternal and Child Health Federal Consolidated Programs Pass through Program From: Mississippi State Department of Health - U.S. Dept of Health and Human Services University of Arkansas - U.S. Department of Health and Human Services Hemophilia of Georgia - Maternal and Child Health Federal Consolidated Program Hemophilia of Georgia - Maternal and Child Health Federal Consolidated Program	93.110 93.110 93.110 93.110	1100CM0 34732 SWOG-893 SWOG-893	466,665 25,723 34,342 27,621 28,415	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — 27,621 28,415	— — — — —	— — — — —	— — — — —	466,665 25,723 34,342 — —	— — — — —	— — — — —
<b>Total CFDA</b>	93.110		582,766	—	—	—	—	—	—	—	56,036	526,730	—	—		
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider	93.112		18,613	—	18,613	—	—	—	—	—	—	—	—	—		
Community Programs to Improve Minority Health Grant Program	93.137		6,252,931	—	—	—	—	—	—	—	6,252,931	—	—	—		
Pass through Program From: Louisiana State University - AIDS Education Training Centers	93.145	1H4AHA00059	341,577	—	—	—	—	—	—	—	341,577	—	—	—		
Coordinated Services and Access to Research for Women, Infants, Children, and Youth Pass through Program From: MSDH - Coordinated Services and Access to Research for Women MSDH - National Bioterrorism Hospital Preparedness	93.153 93.153 93.153	4000A00 4000A00	467,087 405,464 248,295	— — —	— — —	— — —	— — —	— — —	— — —	— 405,464 248,295	— — —	— — —	— — —	— — —	— — —	
<b>Total CFDA</b>	93.153		1,120,846	—	—	—	—	—	—	—	1,120,846	—	—	—		
Nursing Workforce Diversity	93.178		1,132	—	—	—	—	—	—	—	—	1,132	—	—		
Pass through Program From: MSDH - Childhood Lead Poisoning Prevention	93.197	11101057	7,323	—	—	—	7,323	—	—	—	—	—	—	—		
Pass through Program From: Delta Health Alliance - Telehealth Programs	93.211	H2AIT662601	27,652	—	—	—	—	—	—	—	27,652	—	—	—		
State Rural Hospital Flexibility Program Pass through Program From: DHA - State Rural Hospital Flexibility Program DHA - State Rural Hospital Flexibility Program DHA - State Rural Hospital Flexibility Program Health and Literacy Awareness Delta Health Alliance - U.S. Department of Health and Human Services Delta Health Alliance - State Rural Hospital Flexibility Program	93.241 93.241 93.241 93.241 93.241 93.241	Project #32 Project #49 Project #42  SUIFRH07411-04 UIFRH07411	281,251 1,839,064 93,175 131,938 197,178 254,420 1,145,333	— — — — — — —	— — — — — — —	— — — — — — —	— 1,839,064 93,175 131,938 — — — 2,064,177	— — — — — — —	— — — — 197,178 — — 197,178	— — — — — — 1,145,333	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —
<b>Total CFDA</b>	93.241		3,942,359	—	—	—	2,064,177	—	197,178	281,251	1,145,333	254,420	—	—		
Substance Abuse and Mental Health Services-Projects of Regional and National Significance Pass through Program From: Mississippi Department of Mental Health - MS Underage Drinking Alcohol/Drug	93.243 93.243	7A61-JSU-SPF-SIG-08	74,751 (2,247)	— —	— —	— (2,247)	74,751 —	— —	— —	— —	— —	— —	— —	— —		
<b>Total CFDA</b>	93.243		72,504	—	—	(2,247)	74,751	—	—	—	—	—	—	—		
Advanced Nursing Education Grant Program	93.247		687,056	—	42,863	—	—	—	—	—	601,601	42,592	—	—		
Pass through Program From: Mississippi State Department of Health - Universal Newborn Hearing Screening MDH - First Steps Early Intervention	93.251 93.251	H61U00052 11000ITO	32,614 21,597	— —	— —	— 21,597	— —	— —	— —	— —	32,614 —	— —	— —	— —		
<b>Total CFDA</b>	93.251		54,211	—	—	21,597	—	—	—	—	32,614	—	—	—		
Poison Center Support and Enhancement Grant Program	93.253		249,664	—	—	—	—	—	—	—	249,664	—	—	—		



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: Board UA CDC NIOSH	93.262	000286477-011	\$ 1,363	—	—	—	—	—	—	1,363	—	—	—	—
Centers for Disease Control and Prevention Affordable Care Act (ACA) Communities Putting Prevention	93.283		2,011,020	—	1,224,787	—	—	—	—	—	786,233	—	—	—
Pass through Program From:														
MSDH - Centers for Disease Control and Prevention Investigations	93.283	10060627	9,364	—	—	—	9,364	—	—	—	—	—	—	—
MSDH - Centers for Disease Control and Prevention Investigations	93.283	10000CAO	639	—	—	—	639	—	—	—	—	—	—	—
Mississippi State Department of Health - U.S. Department of Health and Human Services	93.283		5,548	—	—	—	—	—	—	—	—	5,548	—	—
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.283	400007CO	10,228	—	—	—	—	—	—	—	—	10,228	—	—
Oregon Health & Science University - U.S. Department of Health and Human Services	93.283	GCDRC0193	1,152	—	—	—	—	—	—	—	—	1,152	—	—
MSDH - Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	US0DP000742	65	—	—	—	—	—	—	—	65	—	—	—
Total CFDA	93.283		2,038,016	—	1,224,787	—	10,003	—	—	—	786,298	16,928	—	—
Minority Health and Health Disparities Research	93.307		8,821	8,821	—	—	—	—	—	—	—	—	—	—
Advanced Nursing Education Traineeships	93.358		99,155	26,885	—	—	—	—	—	—	43,287	28,983	—	—
Nurse Education, Practice and Retention Grants	93.359		669,048	—	—	—	—	—	—	—	299,544	369,504	—	—
National Center for Research Resources	93.389		458,583	—	—	—	410,757	—	—	47,826	—	—	—	—
National Health Service Corps, Scholarship Program	93.400		25,942	—	—	—	—	—	—	—	—	25,942	—	—
Ruminant Feed Ban Support Project	93.449		46,330	—	—	—	46,330	—	—	—	—	—	—	—
Affordable Care Act (ACA) Family to Family Health Information Centers	93.504		7,281	—	—	—	—	—	—	—	—	7,281	—	—
Affordable Care Act (ACA) Nurse Managed Health Clinics	93.515		209,912	—	—	—	—	—	—	—	209,912	—	—	—
Pass through Program From:														
Mississippi Department of Human Services - U.S. Department of Health and Human Services	93.556	525D301	228,802	—	—	—	—	—	—	—	—	228,802	—	—
Mississippi Department of Human Services - U.S. Department of Health and Human Services	93.556	525D311	551,756	—	—	—	—	—	—	—	—	551,756	—	—
Mississippi Department of Human Services - U.S. Department of Health and Human Services	93.556	525D372A	(34,916)	—	—	—	—	—	—	—	—	(34,916)	—	—
Total CFDA	93.556		745,642	—	—	—	—	—	—	—	—	745,642	—	—
Pass through Program From:														
MS Council on Developmental Disabilities - U.S. Dept of Health and Human Services	93.630	4612-CS-DD10-USM/IDS	106,953	—	—	—	—	—	—	—	—	106,953	—	—
Mississippi Department of Mental Health - U.S. Department of Health and Human Services	93.630	4618-ED-DD11-USM-Too	35,253	—	—	—	—	—	—	—	—	35,253	—	—
Mississippi Department of Mental Health - U.S. Department of Health and Human Services	93.630	4406-DD11-QA-USM-Dea	5,215	—	—	—	—	—	—	—	—	5,215	—	—
Total CFDA	93.630		147,421	—	—	—	—	—	—	—	—	147,421	—	—
Developmental Disabilities Projects of National Significance	93.631		516,325	—	—	—	—	—	—	—	—	516,325	—	—
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		546,479	—	—	—	—	—	—	—	—	546,479	—	—
Pass through Program From:														
Assoc of Univ Centers on Disabilities - U.S. Department of Health and Human Services	93.632	824-532	8,936	—	—	—	—	—	—	—	—	8,936	—	—
Total CFDA	93.632		555,415	—	—	—	—	—	—	—	—	555,415	—	—
Pass through Program From:														
Mississippi Department of Human Services - Social Services Block Grant	93.667	526V181	1,624	—	—	—	—	—	—	—	1,624	—	—	—
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		37,726	—	—	—	—	—	—	—	—	37,726	—	—
Area Health Education Centers Infrastructure Development Awards	93.824		762,555	—	—	—	—	—	—	—	762,555	—	—	—
Biomedical Research and Research Training	93.859		23,081	23,081	—	—	—	—	—	—	—	—	—	—
Pass through Program From:														
Indiana University Purdue University - Bridges to the Doctorate	93.859	R25GM067592	61,074	—	—	61,074	—	—	—	—	—	—	—	—
Total CFDA	93.859		84,155	23,081	—	61,074	—	—	—	—	—	—	—	—
Child Health and Human Development Extramural Research	93.865		682	—	—	—	—	—	—	—	—	682	—	—
Medical Library Assistance	93.879		720,927	—	—	720,927	—	—	—	—	—	—	—	—
Grants for Training in Primary Care Medicine and Dentistry	93.884		285,002	—	—	—	—	—	—	—	285,002	—	—	—
Health Care and Other Facilities	93.887		4,524,192	—	—	—	—	—	—	4,367,445	—	156,747	—	—
Specialty Selected Health Projects	93.888		9,336	—	—	—	—	—	—	9,336	—	—	—	—
Pass through Program From:														
Mississippi State Department of Health - National Bioterrorism Hospital Preparedness	93.889	50000BT0	706,871	—	—	—	—	—	—	—	706,871	—	—	—
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider	93.912		549	—	—	—	—	—	—	549	—	—	—	—
Pass through Program From:														
DHA HRSA NFSMI	93.912	IUS0DP001811	340	—	—	—	—	—	—	340	—	—	—	—
DHA HRSA FCS	93.912	N/A	98	—	—	—	—	—	—	98	—	—	—	—
Delta Health Alliance - Rural Health Care Services Outreach and Network Development	93.912	D60RH08555	6,334	—	—	—	—	—	—	—	6,334	—	—	—
Total CFDA	93.912		7,321	—	—	—	—	—	—	987	6,334	—	—	—

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures								IHL Board Office	MCVS	
				ASU	DSU	JSU	MSU	MUW	MVSU	UM			UMMC
<b>Pass through Program From:</b>													
MSDH - Grants to States for Operation of Offices of Rural Health	93.913	10080735	\$ (252)	—	—	—	(252)	—	—	—	—	—	—
MSDH - Grants to States for Operation of Offices of Rural Health	93.913	6-4H9SRH00134	19,435	—	—	—	19,435	—	—	—	—	—	—
MDH - SORH 2009-2010	93.913	50000PDO	92	—	—	92	—	—	—	—	—	—	—
MDH - SORH Program Sub-grant 2010-2011	93.913	66000RDO	10,000	—	—	10,000	—	—	—	—	—	—	—
<b>Total CFDA</b>	93.913		29,275	—	—	10,092	19,183	—	—	—	—	—	—
<b>Pass through Program From:</b>													
Mississippi State Department of Health - HIV Care Formula Grants	93.917	40000AD0	303,662	—	—	—	—	—	—	—	303,662	—	—
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		536,419	—	—	—	—	—	—	—	536,419	—	—
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924		220,931	—	—	—	—	—	—	—	220,931	—	—
Special Projects of National Significance	93.928		24,964	—	—	—	—	—	—	—	24,964	—	—
<b>Pass through Program From:</b>													
Mississippi State Department of Health - Maternal and Child Health Services Block Grant	93.994	11000CMO	441,221	—	—	—	—	—	—	—	441,221	—	—
<b>TANF Cluster:</b>													
<b>Pass through Program From:</b>													
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.558	525W191	78	—	—	—	—	—	—	—	—	78	—
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.558	525W101	66,651	—	—	—	—	—	—	—	—	66,651	—
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.558	525W111	225,137	—	—	—	—	—	—	—	—	225,137	—
<b>Total TANF Cluster</b>			291,866	—	—	—	—	—	—	—	—	291,866	—
<b>CCDF Cluster:</b>													
<b>Pass through Program From:</b>													
MDHS - Child Care and Development Block Grant	93.575	527Q7403	199,999	—	—	—	199,999	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7404	461,824	—	—	—	461,824	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7691	199,581	—	—	—	199,581	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	52Q7802	160,201	—	—	—	160,201	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7414A	1,286,876	—	—	—	1,286,876	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	127Q7801	17,819	—	—	—	17,819	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7482A	7,529	—	—	—	7,529	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7491A	24,931	—	—	—	24,931	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7485	633	—	—	—	633	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7402	201,645	—	—	—	201,645	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7801	99,761	—	—	—	99,761	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7501	21,224	—	—	—	21,224	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7502	18,459	—	—	—	18,459	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7412A	367,109	—	—	—	367,109	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7411A	100,079	—	—	—	100,079	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7803	84,097	—	—	—	84,097	—	—	—	—	—	—
MCEI - Child Care and Development Block Grant	93.575	127Q7801	8,001	—	—	—	8,001	—	—	—	—	—	—
Mississippi Department of Human Services - U.S. Department of Health and Human Services	93.575	525Q7491A/525Q7401	132,568	—	—	—	—	—	—	—	—	132,568	—
Mississippi Department of Human Services - U.S. Department of Health and Human Services	93.575	525Q7411A	314,294	—	—	—	—	—	—	—	—	314,294	—
MDHS - 2010 CCDF	93.575	528Q7801	50,838	—	—	50,838	—	—	—	—	—	—	—
MDHS - 2011 CCDF	93.575	528Q7811A	158,526	—	—	158,526	—	—	—	—	—	—	—
<b>Total CFDA</b>	93.575		3,915,994	—	—	209,364	3,259,768	—	—	—	—	446,862	—
<b>Pass through Program From:</b>													
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	ARRA MDHS 527AR891	224,993	—	—	—	224,993	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	127AR892AP	13,206	—	—	—	13,206	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	ARRA MDHS 527AR892	10,439	—	—	—	10,439	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	527AR893	644,123	—	—	—	644,123	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	127AR891AP	187,276	—	—	—	187,276	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG, Recovery Act Funds	93.713	127AR892AP	88,380	—	—	—	88,380	—	—	—	—	—	—
(ARRA) MCEI DHHS 127AR892P	93.713	DHHS 127AR892P	23,504	—	—	—	—	—	—	23,504	—	—	—
<b>Total CFDA</b>	93.713		1,161,921	—	—	—	1,138,417	—	—	23,504	—	—	—
<b>Total CCDF Cluster</b>			5,077,915	—	—	209,364	4,398,185	—	—	23,504	—	446,862	—
<b>Head Start Cluster:</b>													
Head Start	93.600		255,939	133,358	—	122,581	—	—	—	—	—	—	—
<b>Total Head Start Cluster</b>			255,939	133,358	—	122,581	—	—	—	—	—	—	—
<b>Medicaid Cluster:</b>													
<b>Pass through Program From:</b>													
(ARRA) Medicaid Funds (EMAP) - Mississippi Department of Finance and Adm	93.778		8,677,755	—	—	—	—	—	—	—	8,677,755	—	—
<b>Total Medicaid Cluster</b>			8,677,755	—	—	—	—	—	—	—	8,677,755	—	—
<b>Total U.S. Department of Health and Human Services</b>			42,157,228	192,145	1,286,263	1,143,388	7,073,198	—	197,178	4,731,712	23,220,200	4,313,144	—
<b>Corporation for National and Community Service:</b>													
State Commissions	94.003		309,308	—	—	—	—	—	—	—	—	—	309,308
Learn and Serve America - School and Community Based Program	94.004		165,375	—	—	—	—	—	—	—	—	—	165,375
Learn and Serve America - Higher Education	94.005		108,479	—	—	—	—	—	—	—	108,479	—	—
AmeriCorps	94.006		6,210,041	—	—	—	—	—	—	132,777	—	50,342	6,026,922
Program Development and Innovation Grants	94.007		254,153	—	—	—	—	—	—	—	—	—	254,153
Training and Technical Assistance	94.009		142,215	—	—	—	—	—	—	—	—	—	142,215

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	M CVS
Volunteers in Service to America	94.013		\$ 531,523	—	474,750	—	—	—	—	—	—	—	—	56,773
(ARRA) Volunteers in Service to America	94.013		32,437	—	32,437	—	—	—	—	—	—	—	—	—
Total CFDA	94.013		563,960	—	507,187	—	—	—	—	—	—	—	—	56,773
Volunteer Generation Fund	94.021		110,538	—	—	—	—	—	—	—	—	—	—	110,538
Foster Grandparent/Senior Companion Cluster:														
Foster Grandparent Program	94.011		155,921	—	—	—	—	—	—	—	—	155,921	—	—
Total Foster Grandparent/Senior Companion Cluster			155,921	—	—	—	—	—	—	—	—	155,921	—	—
Total Corporation for National and Community Service			8,019,990	—	507,187	—	—	—	—	132,777	—	264,400	50,342	7,065,284
U.S. Department of Homeland Security:														
Pass through Program From:														
UT-Battelle - Dept of Homeland Security	97.000	4000079563	339,311	—	—	—	339,311	—	—	—	—	—	—	—
MS Homeland Security - US Dept of Homeland Security	97.000	08HS600	135,851	—	—	—	135,851	—	—	—	—	—	—	—
MS Homeland Security - US Dept of Homeland Security	97.000	09HS600	100,000	—	—	—	100,000	—	—	—	—	—	—	—
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.000	08HS421	84,975	—	—	—	—	—	—	—	—	84,975	—	—
Total CFDA	97.000		660,137	—	—	—	575,162	—	—	—	—	84,975	—	—
Pass through Program From:														
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.004	A5HS421	(14,784)	—	—	—	—	—	—	—	—	(14,784)	—	—
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.004	S7HS421	3,848	—	—	—	—	—	—	—	—	3,848	—	—
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.004		7,008	—	—	—	—	—	—	—	—	7,008	—	—
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.004	07LE421	(2,509)	—	—	—	—	—	—	—	—	(2,509)	—	—
Total CFDA	97.004		(6,437)	—	—	—	—	—	—	—	—	(6,437)	—	—
State and Local Homeland Security National Training Program	97.005		14,941	—	—	—	—	—	—	—	—	14,941	—	—
Pass through Program From:														
MS Emergency Management Agency - U.S. Department of Homeland Security	97.036		3,185,748	—	—	—	—	—	—	—	—	3,185,748	—	—
Pass through Program From:														
FEMA Emergency Generators	97.039	06AFHMS0010008	20,470	—	—	—	—	—	—	20,470	—	—	—	—
MEMA - Disaster Resistant University Hazard Mitigation Grants	97.039		124,304	—	—	—	—	—	—	—	—	—	124,304	—
Hazard Mitigation Grant	97.039		51,780	—	51,780	—	—	—	—	—	—	—	—	—
Total CFDA	97.039		196,554	—	51,780	—	—	—	—	20,470	—	—	124,304	—
Centers for Homeland Security	97.061		98,247	—	—	56,123	—	—	42,124	—	—	—	—	—
Pass through Program From:														
Center for Excellence Disaster Response-Homeland Security	97.061		38,462	—	—	—	—	—	38,462	—	—	—	—	—
Total CFDA	97.061		136,709	—	—	56,123	—	—	80,586	—	—	—	—	—
Scholars and Fellows, and Educational Programs	97.062		79,882	79,882	—	—	—	—	—	—	—	—	—	—
U.S. Department of Homeland Security	97.068		533,273	—	—	—	—	—	—	—	—	533,273	—	—
Hurricane Katrina Case Management Initiative Program	97.084		1,202,690	—	—	—	—	—	—	—	—	—	—	1,202,690
Pass through Program From:														
Texas AgriLife Research - FAZD Center Graduate Fellowship	97.104	06-503895	35,560	—	—	35,560	—	—	—	—	—	—	—	—
Pass through Program From:														
UT-Battelle - Lab on a Chip for Rapid	97.108	4000076788	30,680	30,680	—	—	—	—	—	—	—	—	—	—
Homeland Security Cluster:														
Homeland Security Grant Program	97.067		69,948	—	—	—	—	—	—	69,948	—	—	—	—
Pass through Program From:														
MS Board of Animal Health - Homeland Security Grant Program (A)	97.067	10-101029	100,035	—	—	—	100,035	—	—	—	—	—	—	—
MS Task Force - Homeland Security Grant Program (A)	97.067	11-03-0308	18,828	—	—	—	18,828	—	—	—	—	—	—	—
MS Homeland Security - Homeland Security Grant Program (A)	97.067	S9HS600	36,263	—	—	—	36,263	—	—	—	—	—	—	—
Total Homeland Security Cluster			225,074	—	—	—	155,126	—	—	69,948	—	—	—	—
Total U.S. Department of Homeland Security			6,294,811	110,562	51,780	91,683	730,288	—	80,586	90,418	—	3,812,500	124,304	1,202,690
Agency for International Development:														
Pass through Program From:														
Center for Civic Education	98.001	CC 10-11 5804 MS	17,005	—	—	—	—	17,005	—	—	—	—	—	—
Total Agency for International Development			17,005	—	—	—	—	17,005	—	—	—	—	—	—
Total Other including ARRA			196,331,942	7,783,773	4,636,695	17,361,086	43,793,604	2,087,901	9,058,260	30,364,892	35,449,124	31,603,416	5,546,290	8,646,901
Total Expenditures of Federal Awards			\$ 1,054,554,676	64,949,729	26,173,492	151,864,514	226,874,029	24,430,017	44,487,811	193,440,728	105,911,290	202,229,875	5,546,290	8,646,901

The accompanying notes are an integral part of the schedule. See accompanying independent auditors' report on supplementary information.

\* Indicates major program

## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

#### (1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs administered by the State of Mississippi Institutions of Higher Learning. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. Federal programs included in the accompanying schedule are accounted for using the economic resources measurement focus and the accrual basis of accounting, which is described in Note 1 to the IHL System's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

The schedule was prepared using the same basis of accounting and significant accounting policies, as applicable, used by the IHL System in the preparation of its financial statements with the following exceptions:

- For purposes of the schedule, loans advanced from the Federal Perkins Loan Program (CFDA #84.038) and Health Profession Student Loans (CFDA #93.342) are presented as federal expenditures. These loans are not reported as expenditures on the IHL System's financial statements, but as an increase in notes receivable. The outstanding loan balances and the allowance for uncollectible amounts for the loan programs at June 30, 2011, are presented in Note 4 to the financial statements.
- For purposes of this schedule, loans made to students under the Direct Student Loan Program (CFDA #84.268) and/or the Federal Family Education Loan Program (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the IHL System's financial statements since the loans are made and subsequently collected by private lending institutions and/or the federal government.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

**(2) Subrecipients**

OMB Circular A-133 requires the Schedule of Expenditures of Federal Awards to include, to the extent practical, disclosure of the total amount provided to subrecipients from each Federal program. Major program expenditures presented in the schedule account for approximately 34% of the total Federal expenditures for the IHL System. Provided below is the amount of awards provided to subrecipients under federal programs during the year ended June 30, 2011:

<b>CFDA Number</b>	<b>Grant Program</b>	<b>Amount Provided to Subrecipients</b>
	Research and Development Cluster	\$ 40,993,261
10.305	International Science and Education Grants	7,323
10.574	Team Nutrition Grants	900,620
11.307	Economic Adjustment Assistance	7,088
16.543	Missing Children's Assistance	34,984
16.800	Internet Crimes against Children Task Force Program (ICAC)	39,055
17.258	WIA Adult Program	11,013
23.001	Appalachian Regional Development	67,583
59.037	Small Business Development Centers	291,820
66.202	Congressionally Mandated Projects	76,916
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	26,167
84.011	Migrant Education – State Grant Program	126,893
84.184	Safe and Drug-Free Schools and Communities – National Programs	80,951
84.215	Fund for the Improvement of Education	25,000
84.318	Education Technology State Grants	10,822
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (GearUp)	845,630
84.350	Transition to Teaching – Local Projects	33,924
84.366	Mathematics and Science Partnerships	12,053
84.367	Improving Teacher Quality State Grants	875,597
93.110	Maternal and Child Health Federal Consolidated Programs	34,702
93.137	Community Programs to Improve Minority Health Grant Program	2,009,230
93.241	State Rural Hospital Flexibility Program	817,719
93.247	Advanced Nursing Education Grant Program	190,210
93.575	Child Care and Development Block Grant	6,193
93.632	University Centers for Developmental Disabilities Education, Research, and Service	35,406
93.824	Area Health Education Centers Infrastructure Development Awards	589,838
94.005	Learn and Serve America – Higher Education	15,155
94.006	AmeriCorps	752,293
97.039	Hazard Mitigation Grant	145,125
		\$ <u><u>49,062,571</u></u>

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

**(1) Summary of Auditors' Results**

- (a) The type of report issued on the financial statements: **Unqualified opinions**
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None reported**

Material weaknesses: **No**

- (c) Noncompliance which is material to the financial statements: **No**
- (d) Significant deficiencies in internal control over major programs: **None reported**

Material weaknesses: **No**

- (e) The type of report issued on compliance for major programs: **Unqualified opinions**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **No**

- (g) Major programs:

<b>CFDA#</b>	<b>Grantor</b>	<b>Program</b>
Various	Various	Research and Development Cluster
11.557	U.S. Department of Commerce	Broadband Technology Opportunities Program
17.258	U.S. Department of Labor	Workforce Investment Act (WIA) Cluster
84.394	U.S. Department of Education	State Fiscal Stabilization Cluster
93.887	U.S. Department of Health and Human Services	Health Care and Other Facilities
93.575 & 93.713	U.S. Department of Health and Human Services	Child Care and Development Fund Cluster
93.778	U.S. Department of Health and Human Services	Medicaid Cluster
97.036	U.S. Department of Homeland Security	Disaster Grants - Public Assistance

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,163,664**
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None.

**(3) Findings and Questioned Costs Relating to Federal Awards:**

None.



MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
OFFICE OF FINANCE AND ADMINISTRATION

**MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING  
DISPOSITION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011**

Corrective action regarding the following prior year audit findings and questioned costs for the year ended June 30, 2010 has been implemented and the findings are no longer reported in the Schedule of Findings and Questioned Costs.

Prior Year Finding: 2010-02

In accordance with OMB Circular-110, recipients of federal awards should comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension," which restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or activities. The University of Southern Mississippi (USM) had not established or maintained a system of internal controls to ensure that vendors from which goods or services were procured were excluded from the suspended and debarred vendor listing as disclosed in the Excluded Parties List System maintained by the federal government.