



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Financial Statements with Additional Information
and Reports Required by Uniform Guidance

June 30, 2016

(With Independent Auditors' Reports Thereon)

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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Independent Auditors' Report

The Board of Trustees
State of Mississippi Institutions of Higher Learning:

Report on the Financial Statements

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 years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the IHL System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 10.4% and 8.7% of total assets and 1.4% of total revenues of the IHL System's business-type activities as of and for the years ended June 30, 2016 and 2015, 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 from 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinions.

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, and the aggregate discretely presented component units of the IHL System as of June 30, 2016 and 2015, and the changes in financial position, and where applicable, cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1(d), to the financial statements, the IHL System adopted in fiscal year 2016, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the management's discussion and analysis on pages 4 through 17 and the required supplementary information on pages 143 through 145 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements. The 2016 combining supplemental information on pages 135 through 143 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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* in considering IHL System's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
December 21, 2016

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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, 2016 and 2015



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 83,000 students with an employee base of 29,000 individuals. Faculty makes up approximately 6,000 of the total employee count. The system offers over 800 degree programs and awarded approximately 17,000 degrees in academic year 2016.

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, 39 and 61 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.

This report was prepared in accordance with GASB Statements 34 and 35, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and present financial data for the fiscal period ending June 30, 2016. The IHL System reports as a special purpose government, engaged solely in business-type activities. This section should be read in conjunction with the financial statements and the notes that 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
M CVS	Mississippi Commission for Volunteer Services – Off-campus entity
IHL System	(Summary of all of the above)

The discussion and analysis below provides an overview of the financial position and activities of the IHL System for the years ended June 30, 2016 and 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes that follow this section.

Financial Highlights

The IHL System recorded an increase in net position of \$173.0 million in fiscal year 2016. This increase was primarily the result of an increase in capital assets, net of related debt of \$137.5 million and an increase from unrestricted activities of \$42.8 million.

Financial highlights (in millions)	Year ended June 30		
	2014	2015	2016
Total operating revenues	\$ 2,196	2,383	2,540
Total operating expenses	3,024	3,170	3,412
Operating loss	(828)	(787)	(872)
State appropriations	705	734	753
Gifts	185	192	192
Investment income	35	17	20
Interest expense on capital asset-related debt	(40)	(38)	(39)
Other nonoperating revenues, net and other revenue, expenses, gains and losses	157	139	119
Increase in net position	214	257	173
Net position, beginning of the year	3,447	3,661	2,000
Adjustment to beginning of year net position, related to pension	—	(1,918)	—
Net position, end of year	\$ 3,661	2,000	2,173

Operating revenues minus operating expenses typically result in an operating loss in the IHL System's financial statements. Nonoperating items, however, including state support, investment income, and gifts have typically

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enabled the IHL System to reflect an increase in the net position, or “equity” each year. This surplus has been reinvested within the IHL System to add a margin of educational excellence, upgrade the IHL System’s facilities and provide a prudent reserve for contingencies such as the recent period of economic instability.

At the beginning of fiscal year 2015 the IHL System implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which impacted the beginning of the year net position for fiscal year 2015 as shown in the table above.

Overview of the Financial Statements

The IHL System’s financial report consists of 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 the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows; and the Statement of Financial Position and Statement 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 Position presents the financial position of the IHL System at the end of fiscal years 2016 and 2015 and includes all assets and liabilities for all institutions within the IHL System. The difference between total assets and total liabilities – net position – is one measure of the IHL System’s financial health or position. The change in net position is a useful indicator of financial health of the IHL System. Over time, increases or decreases in the IHL System’s net position provide a useful trend in assessing whether its financial health is improving. Other nonfinancial 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.

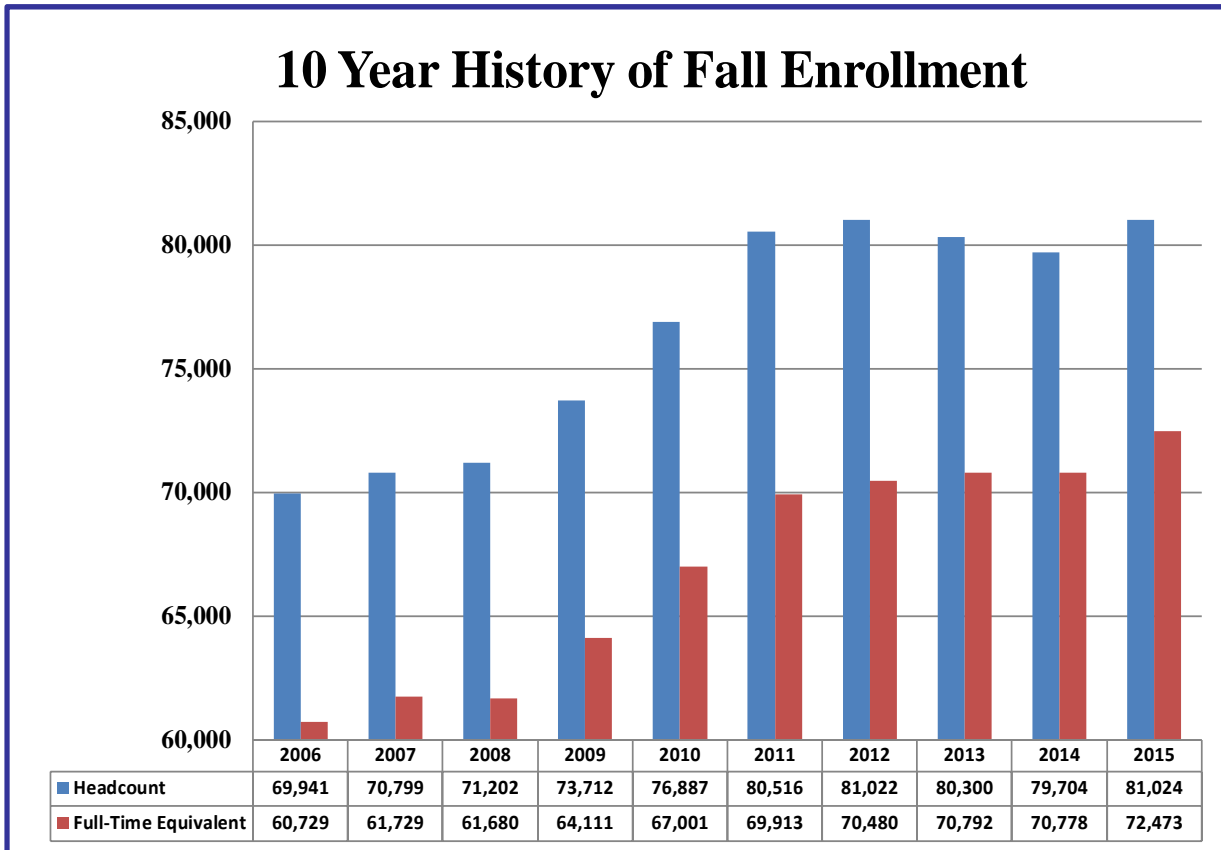
The Statements of Revenues, Expenses and Changes in Net Position presents the operating results of the IHL System, as well as nonoperating revenues and expenses for the years ended June 30, 2016 and 2015. Operating revenues are received for providing goods and services to various customers and constituencies of the IHL System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Nonoperating revenues are received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 21.8% and 21.1% of total IHL System net revenues for fiscal years 2016 and 2015, respectively, are classified as nonoperating revenue because these revenues are appropriated 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 nonoperating revenue sources include gifts, grants, and appropriations restricted for capital purposes.

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The Statements of Cash Flows provides information about the cash sources and uses of the IHL System. Additional information for these statements is provided later in this report.



Statements of Net Position

The Statements of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows, and deferred inflows of the IHL System. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation. The difference between total assets and deferred outflows, and total liabilities and deferred inflows (net position) is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statements of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets.

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- Restricted nonexpendable net position consists of the IHL System's permanent endowment funds.
- Restricted expendable net position is available for expenditure, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position is available for any lawful purpose of the IHL System.

Summary of Net Position (Condensed)					
	June 30, 2014	June 30, 2015	June 30, 2016	Changes between years	
				2014 to 2015	2015 to 2016
Assets:					
Current assets	\$ 974,057,443	1,053,012,269	1,146,356,658	8.1%	8.9%
Capital assets, net	3,365,143,782	3,585,173,759	3,874,246,454	6.5	8.1
Other assets	933,839,731	1,029,524,355	986,908,174	10.2	(4.1)
Deferred outflows	7,376,186	225,965,134	502,780,121	2,963.4	122.5
Total assets and deferred outflows of resources	\$ 5,280,417,142	5,893,675,517	6,510,291,407	11.6%	10.5%
Liabilities:					
Current liabilities	\$ 377,176,409	422,190,072	438,008,672	11.9%	3.7%
Noncurrent liabilities	1,242,602,630	3,203,453,481	3,831,860,414	157.8	19.6
Deferred inflows	—	268,176,489	67,548,820	N/A	(74.8)
Total liabilities and deferred inflows of resources	\$ 1,619,779,039	3,893,820,042	4,337,417,906	140.4%	11.4%
Net position (deficit):					
Investment in capital assets, net of debt	\$ 2,407,243,458	2,540,285,905	2,677,754,149	5.5%	5.4%
Restricted – nonexpendable	148,234,932	154,688,626	153,991,341	4.4	(0.5)
Restricted – expendable	267,633,090	269,676,999	263,152,959	0.8	(2.4)
Unrestricted	837,526,623	(964,796,055)	(922,024,948)	(215.2)	4.4
Total net position	\$ 3,660,638,103	1,999,855,475	2,172,873,501	(45.4)%	8.7%

At June 30, 2016, 2015, and 2014 current assets totaled \$1.15 billion, \$1.05 billion and \$974.1 million, respectively, and consisted primarily of cash and cash equivalents, short-term and net receivables. Current assets increased 8.9% (\$93.3 million) and 8.1% (\$79.0 million) from June 30, 2015 to 2016 and June 30, 2014 to 2015, respectively. Cash and cash equivalents, and short-term investments constituted approximately 59.5% and 60.1% of current assets as of June 30, 2016 and 2015, respectively, while net receivables constituted approximately 32.7% and 32.2% of current assets as of June 30, 2016 and 2015, respectively. Approximately 33.5% and 38.8% of these net receivable are amounts due from gifts, contracts and grants and the State of Mississippi for appropriations as of June 30, 2016 and 2015, respectively, while 38.7% (2016) and 34.4% (2015) were related to patient care receivables from UMMC. The remaining receivables were primarily owed from students for tuition, room and board charges. Student owed accounts receivables approximated \$100.2 million and \$93.6 million at June 30, 2016 and 2015, respectively.

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At June 30, 2016 and 2015, noncurrent assets totaled \$4.9 billion and \$4.6 billion, respectively, which included capital assets of \$3.9 billion (2016) and \$3.6 billion (2015), respectively. Noncurrent cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements and unspent bond proceeds approximated \$201.2 million and \$271.5 million at June 30, 2016 and 2015, respectively. One other significant noncurrent asset of the IHL System was student notes receivable which equaled \$100.0 million and \$98.8 million at June 30, 2016 and 2015, respectively. In total, noncurrent assets increased 5.3% (\$246.5 million) during the past twelve months. The majority of this increase has been seen in the accumulation of net capital assets of \$289.1 million since 2015 (8.1%). Specifically, the IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$231.0 million since June 30, 2015. 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.

At June 30, 2016 and 2015, current liabilities equaled \$438.0 million and \$422.2 million, respectively, and consisted primarily of accounts payable and accrued liabilities, and unearned revenues. Unearned revenues include advance receipts for athletic ticket sales, summer tuition, fees, and student housing. Current liabilities increased 3.7% (\$15.8 million) from June 30, 2015 to 2016 and 11.9% (\$45.0 million) from June 30, 2014 to 2015, respectively. In more detail, significant increases were incurred in the areas of unearned revenues (\$10.6 million) and accounts payable and accrued liabilities (\$8.3 million).

Noncurrent liabilities are those liabilities due and payable more than twelve months from year-end. Noncurrent liabilities equaled \$3.8 billion and \$3.2 billion at June 30, 2016 and 2015, respectively. These liabilities have increased 19.6% (or \$628.4 million) since June 30, 2015. The principal reason for this increase was the change in the IHL System's proportionate share of the collective net pension liability reported by PERS, from \$1.9 billion to \$2.4 billion as of June 30, 2015 and 2016 respectively.

Deferred outflows of resources increased in 2016 while deferred inflows of resources decreased in 2016, primarily due to the impact of net pension liabilities. The IHL System recorded \$477.1 million and \$215.3 million of pension-related deferred outflows at the end of fiscal year 2016 and 2015, primarily representing the deferral of pension contributions paid during the year for the IHL System's participation in the cost-sharing, defined benefit pension plan administered by PERS. In addition, \$65.4 million and \$268.2 million of pension-related deferred inflows at June 30, 2016 and 2015, respectively, were recorded related to the IHL System's proportionate share of collective deferred inflows reported by PERS. These deferred inflow amounts represent the difference between projected and actual investment earnings on pension plan assets during the measurement period.

Restricted nonexpendable net position equaled \$154.0 million and \$154.7 million at June 30, 2016 and 2015, 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 value of this net position has decreased 0.5%, or \$697 thousand from June 30, 2015 to 2016 and increased 4.4%, or \$6.5 million, from June 30, 2014 from 2015.

Restricted expendable net position equaled \$263.2 million and \$269.7 million at June 30, 2016 and 2015, 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. The value of this net position has decreased 2.4%, or \$6.5 million, from June 30, 2015 to 2016 and has increased 0.8%, or \$2.0 million, from June 30, 2014 to 2015.

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Unrestricted net position (deficit) equaled (\$922.0) million and (\$964.8) million at June 30, 2016 and 2015 respectively, and represents those assets that are available to the IHL System for any lawful purpose. The value of unrestricted net position has increased 4.4%, or \$42.8 million from June 30, 2015 to 2016 and decreased 215.2%, or \$1.8 billion, from June 30, 2014 to 2015. The change from 2014 to 2015 was primarily the result of the implementation of GASB 68, under which IHL recognized a liability for its net pension obligation.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the IHL System. Nonoperating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statements is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains and losses received or incurred by the IHL System.

Summary of Revenues, Expenses and Changes in Net Position (Condensed)

	Years ended June 30			Changes between years	
	2014	2015	2016	2014 to 2015	2015 to 2016
Operating revenues	\$ 2,195,909,024	2,383,402,942	2,539,686,979	8.5%	6.6%
Operating expenses	<u>3,024,325,919</u>	<u>3,170,312,715</u>	<u>3,411,932,544</u>	<u>4.8</u>	<u>7.6</u>
Operating loss	(828,416,895)	(786,909,773)	(872,245,565)	5.0	10.8
Nonoperating revenues	<u>892,915,789</u>	<u>903,061,849</u>	<u>917,290,331</u>	<u>1.1</u>	<u>1.6</u>
Income before other revenues, expenses, gains or losses	64,498,894	116,152,076	45,044,766	80.1	(61.2)
Other revenues, expenses, gains or losses	<u>148,948,253</u>	<u>141,195,944</u>	<u>127,973,260</u>	<u>(5.2)</u>	<u>(9.4)</u>
Change in net position	213,447,147	257,348,020	173,018,026	20.6	(32.8)
Net position, beginning of the year	3,447,190,956	3,660,638,103	1,999,855,475	6.2	(45.4)
Adjustment to beginning of year net position, related to pension	<u>—</u>	<u>(1,918,130,648)</u>	<u>—</u>	<u>(100.0)</u>	<u>(100.0)</u>
Net position, end of the year	<u>\$ 3,660,638,103</u>	<u>1,999,855,475</u>	<u>2,172,873,501</u>	<u>(45.4)%</u>	<u>8.7%</u>

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Operating Revenues

Operating revenues for the IHL System equaled \$2.5 billion and \$2.4 billion for fiscal years 2016 and 2015, respectively. Operating revenues increased 8.5% (or \$187.5 million) during 2015, and an additional 6.6% (or \$156.3 million) during 2016. Major components of operating revenues are the UMMC patient care revenues (42.8% in 2016 and 43.8% in 2015), net tuition and fees (22.7% in 2016 and 22.8% in 2015), grants and contracts revenues (15.6% in 2016 and 15.7% in 2015), and sales and service revenues from auxiliary activities (11.5% in 2016 and 11.2% in 2015). The following table summarizes the IHL System's operating revenues for the past three fiscal years.

	Operating Revenues					
	Years ended June 30			Changes between years		
	2014	2015	2016	2014 to 2015	2015 to 2016	
Tuition and fees, net	\$ 522,260,357	542,656,869	577,003,159	3.9%	6.3%	
Grants and contracts	392,168,251	373,604,583	396,811,348	(4.7)	6.2	
Federal appropriations	14,844,867	18,137,773	18,796,056	22.2	3.6	
Sales and services of educational departments	56,431,090	62,286,138	62,918,323	10.4	1.0	
Auxiliary enterprises, net	223,802,128	267,235,962	293,171,765	19.4	9.7	
Patient care revenues	911,051,960	1,043,115,837	1,086,205,305	14.5	4.1	
Other	75,350,371	76,365,780	104,781,023	1.3	37.2	
Total operating revenues	<u>\$ 2,195,909,024</u>	<u>2,383,402,942</u>	<u>2,539,686,979</u>	<u>8.5%</u>	<u>6.6%</u>	

Net tuition and fee revenues increased 6.3% (\$34.3 million) and 3.9% (\$20.4 million) during fiscal year 2016 and 2015, respectively. All IHL institutions raised their in-state tuition rates during 2016 (average increase of 5.3%). At institutions where non-resident surcharges exist, non-Mississippi residents also paid a higher tuition rate during 2016 (average increase of 4.1%). These rate increases, coupled with the positive enrollment growth across the IHL System, resulted in an increase in tuition and fees, net.

Grants and contracts revenue increased 6.2% (\$23.2 million) during fiscal year 2016 and decreased 4.7% (\$18.6 million), during fiscal year 2015, due to temporary decreases and timing differences in both federal and state funding of student aid, research, and other various grants and contracts.

Patient care revenues at the UMMC reached \$1.1 billion and \$1.0 billion in 2016 and 2015, respectively, an increase of \$43.1 million, or 4.1% during 2016 and \$132.1 million, or 14.5% during 2015. This increase was primarily due to increases in patient volume coupled with reimbursement increases from both commercial and governmental payers.

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June 30, 2016 and 2015

Operating Expenses

Operating expenses for the IHL System totaled \$3.4 billion for fiscal year 2016 compared to \$3.2 billion in 2015. Operating expenses increased 4.8% (\$146.0 million) during 2015, and an additional 7.6% (\$241.6 million) during 2016. Personnel costs (including fringe benefits) were the largest expense component for the IHL System, representing 62.6% of the total in 2016 and 60.8% in 2015. Other major components include contractual services (13.1% in 2016 and 13.8% in 2015), commodities (11.1% during 2016 and 11.3% during 2015), and scholarships and fellowships (5.1% during 2016 and 5.4% during 2015). The following table summarizes the IHL System's operating expenses (by major object category) for the past three fiscal years.

	Operating Expenses				
	Years ended June 30			Changes between years	
	2014	2015	2016	2014 to 2015	2015 to 2016
By major object category:					
Salaries and wages	\$ 1,429,959,275	1,497,866,174	1,579,864,383	4.7%	5.5%
Fringe benefits	425,618,510	428,716,134	554,689,495	0.7	29.4
Travel	51,640,068	55,054,593	57,412,800	6.6	4.3
Contractual services	415,099,771	436,197,011	445,904,691	5.1	2.2
Utilities	68,502,720	70,422,300	64,855,950	2.8	(7.9)
Scholarships and fellowships	165,892,482	172,663,055	174,677,726	4.1	1.2
Commodities	320,243,536	357,505,798	377,571,345	11.6	5.6
Depreciation	142,683,785	144,509,434	147,049,697	1.3	1.8
Other	4,685,772	7,378,216	9,906,457	57.5	34.3
Total operating expenses	\$ 3,024,325,919	3,170,312,715	3,411,932,544	4.8%	7.6%

IHL personnel costs (salaries, wages and fringe benefits) increased 10.8% (\$208.0 million) during 2016 and 3.8% (\$71.0 million) during 2015. Several of the IHL System's institutions incorporated general market adjustments or benchmark raises for their faculty and staff during 2016 and 2015, while most also authorized pay increases for promotion-in-rank or additional position responsibilities. The range of these pay raises varied from institution to institution. UMMC (\$107.4 million), MSU (\$47.1 million) and UM (\$24.6 million) had the largest expense increase in this category, while the other institutions had smaller increases. Contractual services increased 2.2% (\$9.7 million) and 5.1% (\$21.1 million), respectively, during 2016 and 2015 along with the cost for commodities (5.6% or \$20.1 million) and (11.6% or \$37.3 million). Scholarships and fellowships expenses increased 1.2% (\$2.0 million) and increased 4.1% (\$6.8 million), respectively, during 2016 and 2015.

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As an alternative presentation model, the IHL System's last three fiscal years of operating expenses are shown below by major functional classification. Functional classifications are the traditional categories that universities have used in past financial presentations (Pre-GASB 34). 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.

	Operating Expenses			Change between years	
	Years ended June 30			2014 to 2015	2015 to 2016
	2014	2015	2016		
By function:					
Instruction	\$ 631,249,609	654,528,578	693,173,858	3.7%	5.9%
Research	278,903,582	284,458,084	326,037,408	2.0	14.6
Public service	146,573,492	153,656,800	164,910,728	4.8	7.3
Academic support	160,146,653	149,199,452	152,034,846	(6.8)	1.9
Student services	78,690,497	80,026,357	85,584,099	1.7	6.9
Institutional support	295,997,825	307,448,142	331,452,856	3.9	7.8
Operations and maintenance of plant	174,947,260	169,070,680	176,865,669	(3.4)	4.6
Student aid	171,370,216	187,965,581	179,806,532	9.7	(4.3)
Auxiliary enterprises	227,218,770	244,931,668	254,007,583	7.8	3.7
Depreciation	134,232,885	144,505,081	147,044,210	7.7	1.8
Hospital	794,691,055	870,216,690	981,069,973	9.5	12.7
Other	1,132,401	1,120,042	512,453	(1.1)	(54.2)
Eliminations	(70,828,326)	(76,814,440)	(80,567,761)	8.5	4.9
Total operating expenses	\$ 3,024,325,919	3,170,312,715	3,411,932,454	4.8%	7.6%

Funding for the Instruction function continues to be one of the IHL System's highest priorities. Approximately 20.3% and 20.6% of the IHL System's expenses were devoted to the Instruction function in 2016 and 2015, respectively. Institutional research (internal and external) and public service costs continue to command one of the IHL System's primary cost missions. While increasing from 2014 to 2015 and 2015 to 2016, these costs represent approximately 14.4%, 13.8% and 14.1% of the IHL System's total focus during 2016, 2015 and 2014, respectively. Research and public service sector expenses increased approximately 14.6% (\$41.6 million) and 7.3% (\$11.3 million), and 2.0% (\$5.6 million) and 4.8% (\$7.1 million) respectively, during 2016 and 2015. 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 7.8% (\$24.0 million) and 3.9% (\$11.5 million), respectively, in 2016 and 2015. Auxiliary enterprise costs include all expenses 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 expenses increased 3.7% (\$9.1 million) and 7.8% (\$17.7 million), respectively, in fiscal year 2016 and 2015. Student Aid expenses decreased in 2016 by 4.3% (\$8.2 million) and increased in 2015 by 9.7% (\$16.6 million). Finally, hospital expenses increased 12.7% (or \$110.9 million) and 9.5% (or \$75.5 million) in 2016 and 2015, respectively, as a result of increased patient treatment costs.

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From fiscal year 2014 through 2016, 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 recipient and the other campus acted as a sub-recipient.

Capital Asset and Debt Administration

At June 30, 2016, 2015, and 2014, the IHL System had approximately \$3.9 billion, \$3.6 billion, and \$3.4 billion, respectively, invested in a broad range of capital assets. These assets comprise land, construction in progress, livestock, 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 past three fiscal years.

	Capital Asset Summary			Changes between years	
	Years ended June 30			2014 to 2015	2015 to 2016
	2014	2015	2016		
Capital assets not being depreciated	\$ 583,819,747	635,416,441	757,855,667	8.8%	19.3%
Depreciable capital assets:					
Improvements other than buildings	312,650,876	337,478,533	348,304,115	7.9	3.2
Buildings	3,072,899,167	3,294,288,590	3,525,200,839	7.2	7.0
Equipment	764,548,649	798,437,702	831,648,844	4.4	4.2
Library books	377,501,528	390,159,181	402,635,256	3.4	3.2
Total depreciable capital assets	<u>4,527,600,220</u>	<u>4,820,364,006</u>	<u>5,107,789,054</u>	<u>6.5</u>	<u>6.0</u>
Total cost of capital assets	5,111,419,967	5,455,780,447	5,865,644,721	6.7	7.5
Less accumulated depreciation	<u>(1,746,276,185)</u>	<u>(1,870,606,688)</u>	<u>(1,991,398,267)</u>	<u>7.1</u>	<u>6.5</u>
Capital assets, net	<u>\$ 3,365,143,782</u>	<u>3,585,173,759</u>	<u>3,874,246,454</u>	<u>6.5%</u>	<u>8.1%</u>

Nondepreciable capital assets equaled \$757.9 million, \$635.4 million, and \$583.8 million at June 30, 2016, 2015 and 2014, respectively. These assets principally consisted of land and construction in progress. The \$122.5 million increase during fiscal year 2016 was due to capitalized facility projects that were "in progress" at June 30, 2015, but have now been completed and transferred to the depreciable buildings category.

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At June 30, 2016, 2015 and 2014, the IHL System had \$1.2 billion, \$1.2 billion, and \$1.1 billion, respectively, in bonded debt, notes payable and capital lease obligations. This represented a 6.6% or \$76.2 million increase over the prior year-end. The following table summarizes the IHL System's long-term debt for the past three fiscal years.

Long-term Debt Summary					
	Year ended June 30			Change between years	
	2014	2015	2016	2014 to 2015	2015 to 2016
Bonds payable	\$ 1,002,490,180	1,072,022,814	1,121,486,870	6.9%	4.6%
Notes payable	17,154,730	16,203,322	10,819,307	(5.5)	(33.2)
Capital lease obligations	33,441,079	71,692,377	103,790,787	114.4	44.8
Total long-term debt	<u>\$ 1,053,085,989</u>	<u>1,159,918,513</u>	<u>1,236,096,964</u>	<u>10.1%</u>	<u>6.6%</u>

Bonded debt increased during 2016 and 2015 by 4.6% or \$49.5 million and 6.9% or \$69.5 million, respectively. While MVSU, ASU and USM issued approximately \$17.3 million, \$48.5 million and \$70.8 million, respectively, in new bond refundings during fiscal year 2016, UM issued approximately \$87.4 million in new bond funding for construction, equipping and landscaping of additional student residential housing facilities, expansion and related infrastructure improvements to Vaught-Hemingway Stadium and to refund and advance refund certain bond issues. In addition, during fiscal year 2016, UM entered into two new long term lease obligation for the use of an athletic parking facility and the construction of an arena. UM's total lease obligations were valued at \$85.8 million and \$52.8 million at June 30, 2016 and 2015, respectively.

Designated Revenues

Bond indentures previously issued, and those that may be issued in the future by the institution's Educational Building Corporations (EBC) are payable from designated revenues. The IHL Board covenants under terms of its various bond agreements that if designated revenues are insufficient to satisfy the IHL Board's obligations, the IHL Board will provide amounts from any other legally available source and will then allocate the same to cure the insufficiency. The following table provides a history of all designated revenues available to the IHL Board from fiscal years 2012 through 2016.

Designated Revenues¹ and Unrestricted Net Positions (excludes UMMC, Board Office, and MCVS)					
	Years ended June 30				
	2012	2013	2014	2015	2016
Tuition, net ²	\$ 439,336,345	464,921,581	497,711,625	517,336,376	551,020,691
Sales and services	52,522,768	51,337,588	54,768,559	60,542,705	60,958,994
Auxiliary enterprises, net ²	189,955,384	203,844,601	217,788,943	259,607,634	286,985,729
Other ³	37,940,875	44,073,191	48,967,419	49,471,340	55,903,573
Sub-total	719,755,372	764,176,961	819,236,546	886,958,055	954,868,987
State appropriations	455,130,385	450,229,385	469,870,373	495,091,965	513,470,169
Unrestricted net positions	492,533,738	499,501,535	542,761,292	(471,538,432)	(423,613,421)
Total	<u>\$ 1,667,419,495</u>	<u>1,713,907,881</u>	<u>1,831,868,211</u>	<u>910,511,588</u>	<u>1,044,725,735</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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- ¹ Designated Revenues represent all unrestricted revenues of the IHL System (excluding the member Universities indicated above) which include without limitation, net tuition and auxiliary fees, sales and services, other operating revenue, state appropriations and unrestricted net position balances.
- ² Tuition and auxiliary enterprise revenues are net of scholarship allowances in the form of reduced tuition, room and board.
- ³ Other designated revenues includes federal appropriations, other operating revenues, and interest earned on loans to students.

Economic Outlook

The IHL System began the 2016 fiscal year with an anticipated systemwide operating budget increase of \$328 million. This increase was funded primarily by a mixture of tuition revenues, auxiliary revenues, external restricted gifts and grants, but also in large part by newly anticipated hospital revenues to be generated from daily census improvements and more robust patient fee and charge processes. The actual net surplus for 2016 was \$173.0 million, (see the SRECNP summary table on page 10 of management discussion and analysis). In reality, while the anticipated tuition and auxiliary revenue gains did actually materialize, external funding fell short of budgeted expectations. For fiscal year 2017, general education funding from the State of Mississippi will decrease 3.46% (\$26.9 million). Approximately \$11 million of that new funding was earmarked by legislature for capital projects, mainly renovations. The remainder will be used primarily for classroom instruction. Once again, the IHL System will continue to rely upon increases in tuition and auxiliary revenues to provide the necessary funds for sustained excellence in its academic programs and student services. The IHL System anticipates receiving an additional \$44.3 million in new tuition revenue during 2017 due to a mixture of enrollment growth and general rate increases. In 2017 state appropriated revenues will comprise approximately 31.8% of the total E&G budget, while self-generated tuition revenues will equal 63.3% of the total revenues. In comparison, in fiscal year 2010, state appropriations represented 42% of revenues, while tuition revenue equaled 48% of the total.

The IHL System maintains high credit ratings from Moody's (Aa2), Fitch (AA) and Standard & Poor's (AA-). Achieving and maintaining these high credit ratings provide the IHL System 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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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 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.

This financial report is designed to provide a general overview of the finances of the IHL System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Trustees
Accounting Department
3825 Ridgewood Road
Jackson, MS 39211

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BASIC FINANCIAL STATEMENTS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Net Position

June 30, 2016 and 2015

Assets and Deferred Outflows	2016	2015
Current assets:		
Cash and cash equivalents	\$ 461,021,888	446,042,478
Short-term investments	220,559,840	186,491,269
Accounts receivable, net	374,690,496	338,790,163
Student notes receivable, net	15,766,208	15,840,809
Inventories	32,210,811	30,070,181
Prepaid expenses	33,075,731	35,262,369
Other current assets	<u>9,031,684</u>	<u>515,000</u>
Total current assets	<u>1,146,356,658</u>	<u>1,053,012,269</u>
Noncurrent assets:		
Restricted cash and cash equivalents	185,490,081	255,587,979
Restricted short-term investments	15,721,437	15,871,528
Endowment investments	247,325,616	265,444,560
Other long-term investments	433,633,373	388,391,821
Student notes receivable, net	100,046,680	98,815,378
Capital assets, net	3,874,246,454	3,585,173,759
Other noncurrent assets	<u>4,690,987</u>	<u>5,413,089</u>
Total noncurrent assets	<u>4,861,154,628</u>	<u>4,614,698,114</u>
Total assets	<u>6,007,511,286</u>	<u>5,667,710,383</u>
Deferred outflows of resources:		
Deferred loss on refunding of debt	25,673,108	10,660,581
Pension related deferred outflows	<u>477,107,013</u>	<u>215,304,553</u>
Total assets and deferred outflows of resources	<u>\$ 6,510,291,407</u>	<u>5,893,675,517</u>
Liabilities, Deferred Inflows and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 214,690,067	206,430,857
Unearned revenues	125,018,901	114,419,688
Accrued leave liabilities-current portion	11,014,419	10,968,937
Long-term liabilities-current portion	60,489,446	52,386,405
Other current liabilities	<u>26,795,839</u>	<u>37,984,185</u>
Total current liabilities	<u>438,008,672</u>	<u>422,190,072</u>
Noncurrent liabilities:		
Net pension liability	2,402,927,178	1,850,037,000
Deposits refundable	1,035,215	958,228
Accrued leave liabilities	117,295,773	110,474,922
Long-term liabilities	1,223,380,976	1,153,069,741
Other long-term liabilities	<u>87,221,272</u>	<u>88,913,590</u>
Total noncurrent liabilities	<u>3,831,860,414</u>	<u>3,203,453,481</u>
Total liabilities	<u>4,269,869,086</u>	<u>3,625,643,553</u>
Deferred inflows of resources:		
Deferred amount of refundings	2,129,565	—
Pension related deferred inflows	<u>65,419,255</u>	<u>268,176,489</u>
Total liabilities and deferred inflows of resources	<u>\$ 4,337,417,906</u>	<u>3,893,820,042</u>
Net position:		
Net investment in capital assets	\$ 2,677,754,149	2,540,285,905
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	20,528,512	22,037,216
Research	4,344,755	4,955,842
Other purposes	129,118,074	127,695,568
Expendable:		
Scholarships and fellowships	57,800,948	61,315,143
Research	55,119,008	54,469,530
Capital projects	7,562,835	9,739,452
Debt service	19,335,218	14,523,683
Loans	36,507,069	33,507,981
Other purposes	86,827,881	96,121,210
Unrestricted	<u>(922,024,948)</u>	<u>(964,796,055)</u>
Total net position	<u>\$ 2,172,873,501</u>	<u>1,999,855,475</u>

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 2,604,925	4,079,094
Restricted cash	5,695,276	5,688,326
Accrued interest, other receivables and prepaid assets	261,465	179,206
Receivable from MSU Alumni Foundation	—	225,844
Receivable from MSU Alumni Association	122,545	139,586
Pledges receivable, net	38,418,418	35,432,295
Investments	410,573,276	433,875,820
Present value of amounts due from externally managed trusts	46,924,276	40,230,993
Land, buildings, and equipment, net	8,968,555	9,335,303
Total assets	<u>\$ 513,568,736</u>	<u>529,186,467</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,537,647	3,358,390
Agency payable	5,695,276	5,688,326
Liabilities under split interest agreements	4,865,825	4,794,949
Payable to Mississippi State University	31,716	93,407
Total liabilities	<u>12,130,464</u>	<u>13,935,072</u>
Net assets:		
Unrestricted:		
Net assets attributable to the Foundation	37,520,770	40,627,525
Net assets attributable to noncontrolling interest	42,419,717	59,352,202
Total unrestricted net assets	<u>79,940,487</u>	<u>99,979,727</u>
Temporarily restricted	81,381,257	99,907,112
Permanently restricted	340,116,528	315,364,556
Total net assets	<u>501,438,272</u>	<u>515,251,395</u>
Total liabilities and net assets	<u>\$ 513,568,736</u>	<u>529,186,467</u>

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 8,728,828	7,730,829
Pledges receivable, net	51,542,933	31,607,327
Investments	396,683,891	402,030,176
Beneficial interest in remainder trust	7,450,869	1,066,611
Property and equipment, net	2,542,793	2,778,494
Other assets	1,290,526	1,317,964
Total assets	\$ 468,239,840	446,531,401
Liabilities and Net Assets		
Liabilities:		
Funds held for others	\$ 22,056,528	23,360,075
Liabilities under remainder trusts	5,574,469	7,265,250
Other liabilities	7,558,472	5,385,420
Total liabilities	35,189,469	36,010,745
Net assets:		
Unrestricted	16,348,947	17,186,241
Temporarily restricted	193,482,320	183,044,292
Permanently restricted	223,219,104	210,290,123
Total net assets	433,050,371	410,520,656
Total liabilities and net assets	\$ 468,239,840	446,531,401

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 1,085,377	1,014,651
Accrued interest	129,284	116,679
Prepaid assets and other receivables	1,002,168	244,369
Pledges receivable, net	8,224,516	12,052,041
Investments	96,668,501	97,824,663
Present value of amounts due from externally managed trusts	4,883,516	817,080
Net investment in direct financing lease	479,945	634,855
Property and equipment, net	38,183	69,485
Total assets	\$ 112,511,490	112,773,823
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 371,992	758,795
Gift annuities payable	286,181	305,330
Total liabilities	658,173	1,064,125
Net assets:		
Unrestricted	6,024,035	5,392,868
Temporarily restricted	33,689,732	42,722,252
Permanently restricted	72,139,550	63,594,578
Total net assets	111,853,317	111,709,698
Total liabilities and net assets	\$ 112,511,490	112,773,823

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Tuition and fees:	\$ 854,116,172	792,052,231
Less scholarship allowances	(273,364,654)	(246,618,987)
Less bad debt expense	(3,748,359)	(2,776,375)
Net tuition and fees	<u>577,003,159</u>	<u>542,656,869</u>
Federal appropriations	18,796,056	18,137,773
Federal grants and contracts	266,745,196	246,879,020
State grants and contracts	46,079,949	43,893,140
Nongovernmental grants and contracts	83,986,203	82,832,423
Sales and services of educational departments	62,918,323	62,286,138
Auxiliary enterprises:		
Student housing	101,154,917	96,258,418
Food services	31,608,552	30,739,982
Bookstore	6,851,820	6,681,243
Athletics	143,620,060	123,263,529
Other auxiliary revenues	41,264,838	40,325,102
Less auxiliary enterprise scholarship allowances	(31,328,422)	(30,032,312)
Interest earned on loans to students	979,296	916,692
Patient care revenues, net	1,086,205,305	1,043,115,837
Other operating revenues, net	<u>103,801,727</u>	<u>75,449,088</u>
Total operating revenues	<u>2,539,686,979</u>	<u>2,383,402,942</u>
Operating expenses:		
Salaries and wages	1,579,864,383	1,497,866,174
Fringe benefits	554,689,495	428,716,134
Travel	57,412,800	55,054,593
Contractual services	445,904,691	436,197,011
Utilities	64,855,950	70,422,300
Scholarships and fellowships	174,677,726	172,663,055
Commodities	377,571,345	357,505,798
Depreciation	147,049,697	144,509,434
Other operating expenses	<u>9,906,457</u>	<u>7,378,216</u>
Total operating expenses	<u>3,411,932,544</u>	<u>3,170,312,715</u>
Operating loss	<u>(872,245,565)</u>	<u>(786,909,773)</u>
Nonoperating revenues (expenses):		
State appropriations	753,163,410	733,559,405
Gifts and grants	192,072,708	192,190,103
Investment income	19,600,414	17,242,233
Interest expense on capital asset-related debt	(38,740,301)	(37,924,727)
Other nonoperating revenues	2,610,632	1,691,632
Other nonoperating expenses	<u>(11,416,532)</u>	<u>(3,696,797)</u>
Total nonoperating revenues, net	<u>917,290,331</u>	<u>903,061,849</u>
Income before other revenues, expenses, gains and losses	45,044,766	116,152,076
Other revenues, expenses, gains and losses:		
Capital grants and gifts	43,588,266	62,015,792
State appropriations restricted for capital purposes	82,307,425	75,648,301
Additions to permanent endowments	1,656,306	1,826,722
Other additions	6,466,314	8,232,970
Other deletions	<u>(6,045,051)</u>	<u>(6,527,841)</u>
Change in net position	<u>173,018,026</u>	<u>257,348,020</u>
Net position, beginning of the year	<u>1,999,855,475</u>	<u>1,742,507,455</u>
Net position, end of the year	<u>\$ 2,172,873,501</u>	<u>1,999,855,475</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, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and support:				
Contributions	\$ 10,321,315	14,343,881	19,193,333	43,858,529
Net investment income	(4,587,861)	(11,125,017)	1,412,803	(14,300,075)
Change in value of split interest agreements	—	14,463	(1,702,292)	(1,687,829)
Other	4,966,922	68,379	15,585	5,050,886
Change in restrictions by donor	—	—	—	—
Net assets released from restrictions	30,004,243	(30,004,243)	—	—
Total revenues and support	<u>40,704,619</u>	<u>(26,702,537)</u>	<u>18,919,429</u>	<u>32,921,511</u>
Expenditures:				
Program services:				
Contributions and support for Mississippi State University	36,763,705	—	—	36,763,705
Contributions and support for Bulldog Club	900,870	—	—	900,870
Contributions and support for MSU Alumni Association	586,900	—	—	586,900
Total program services	<u>38,251,475</u>	<u>—</u>	<u>—</u>	<u>38,251,475</u>
Supporting services:				
General and administrative	3,627,492	—	—	3,627,492
Fund raising	3,898,054	—	—	3,898,054
Total supporting services	<u>7,525,546</u>	<u>—</u>	<u>—</u>	<u>7,525,546</u>
Total expenditures	<u>45,777,021</u>	<u>—</u>	<u>—</u>	<u>45,777,021</u>
Change in net assets	(5,072,402)	(26,702,537)	18,919,429	(12,855,510)
Change in net assets attributable to noncontrolling interests	1,965,467	—	—	1,965,467
Change in net assets related to merger with MSU Alumni Foundation	—	8,176,682	5,832,543	14,009,225
Payments to noncontrolling interests	(16,932,305)	—	—	(16,932,305)
Total change in net assets	<u>(20,039,240)</u>	<u>(18,525,855)</u>	<u>24,751,972</u>	<u>(13,813,123)</u>
Net assets, beginning of year	<u>99,979,727</u>	<u>99,907,112</u>	<u>315,364,556</u>	<u>515,251,395</u>
Net assets, end of year	<u>\$ 79,940,487</u>	<u>81,381,257</u>	<u>340,116,528</u>	<u>501,438,272</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, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Contributions	\$ 8,134,446	23,268,033	5,004,703	36,407,182
Net investment income	(3,282,026)	1,555,626	17,217	(1,709,183)
Change in value of split interest agreements	—	(27,044)	154,984	127,940
Other	4,982,409	345,668	—	5,328,077
Change in restrictions by donor	—	(1,750,000)	1,750,000	—
Net assets released from restrictions	24,058,888	(24,058,888)	—	—
Total revenues and support	33,893,717	(666,605)	6,926,904	40,154,016
Expenditures:				
Program services:				
Contributions and support for Mississippi State University	27,865,923	—	—	27,865,923
Contributions and support for Bulldog Club	600,475	—	—	600,475
Contributions and support for MSU Alumni Association	530,386	—	—	530,386
Total program services	28,996,784	—	—	28,996,784
Supporting services:				
General and administrative	3,660,974	—	—	3,660,974
Fund raising	3,706,107	—	—	3,706,107
Total supporting services	7,367,081	—	—	7,367,081
Total expenditures	36,363,865	—	—	36,363,865
Change in net assets	(2,470,148)	(666,605)	6,926,904	3,790,151
Proceeds from noncontrolling interests	4,172,424	—	—	4,172,424
Payments to noncontrolling interests	(1,486,738)	—	—	(1,486,738)
Total change in net assets	215,538	(666,605)	6,926,904	6,475,837
Net assets, beginning of year	99,764,189	100,573,717	308,437,652	508,775,558
Net assets, end of year	\$ 99,979,727	99,907,112	315,364,556	515,251,395

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, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions, gifts, and bequests	\$ —	51,015,382	9,452,422	60,467,804
Dividend and interest income	1,486,945	3,764,476	—	5,251,421
Net unrealized and realized gains on investments	(676,744)	(11,177,334)	11,006	(11,843,072)
Change in value of split-interest agreements	—	62,142	687,862	750,004
Other income	742,007	1,271,994	40,430	2,054,431
Net assets released from restrictions/ redesignated by donor	31,761,371	(34,498,632)	2,737,261	—
Total revenues, gains, and other support	<u>33,313,579</u>	<u>10,438,028</u>	<u>12,928,981</u>	<u>56,680,588</u>
Expenses:				
Support for University activities	30,011,791	—	—	30,011,791
General and administrative expenses	2,707,271	—	—	2,707,271
Fund-raising expenses	1,431,811	—	—	1,431,811
Total expenses	<u>34,150,873</u>	<u>—</u>	<u>—</u>	<u>34,150,873</u>
Change in net assets	(837,294)	10,438,028	12,928,981	22,529,715
Net assets, beginning of year	<u>17,186,241</u>	<u>183,044,292</u>	<u>210,290,123</u>	<u>410,520,656</u>
Net assets, end of year	<u>\$ 16,348,947</u>	<u>193,482,320</u>	<u>223,219,104</u>	<u>433,050,371</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, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions, gifts, and bequests	\$ —	34,869,998	13,944,742	48,814,740
Dividend and interest income	1,405,085	3,445,866	—	4,850,951
Net unrealized and realized gains on investments	(517,879)	2,783,751	4,622	2,270,494
Change in value of split-interest agreements	—	—	(191,373)	(191,373)
Other income	717,926	1,396,326	69,232	2,183,484
Net assets released from restrictions/ redesignated by donor	33,585,148	(37,360,144)	3,774,996	—
Total revenues, gains, and other support	<u>35,190,280</u>	<u>5,135,797</u>	<u>17,602,219</u>	<u>57,928,296</u>
Expenses:				
Support for University activities	32,713,155	—	—	32,713,155
General and administrative expenses	2,777,658	—	—	2,777,658
Fund-raising expenses	1,184,108	—	—	1,184,108
Total expenses	<u>36,674,921</u>	<u>—</u>	<u>—</u>	<u>36,674,921</u>
Change in net assets	(1,484,641)	5,135,797	17,602,219	21,253,375
Net assets, beginning of year	<u>18,670,882</u>	<u>177,908,495</u>	<u>192,687,904</u>	<u>389,267,281</u>
Net assets, end of year	<u>\$ 17,186,241</u>	<u>183,044,292</u>	<u>210,290,123</u>	<u>410,520,656</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, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support:				
Contributions	\$ 2,100,023	2,997,493	7,312,426	12,409,942
Net investment gain	1,470,364	(1,901,597)	33,138	(398,095)
Change in value of split interest agreements	—	(992)	87,922	86,930
Other	38,084	30,516	2,878	71,478
Change in restriction by donor	10,022	(1,118,630)	1,108,608	—
Net assets released from restrictions	9,039,310	(9,039,310)	—	—
Total revenues, gains and other support	12,657,803	(9,032,520)	8,544,972	12,170,255
Expenses:				
Program services:				
Contributions and support for The University of Southern Mississippi	9,605,938	—	—	9,605,938
Total program services	9,605,938	—	—	9,605,938
Supporting services:				
General and administrative	1,557,489	—	—	1,557,489
Fund raising	863,209	—	—	863,209
Total supporting services	2,420,698	—	—	2,420,698
Total expenses	12,026,636	—	—	12,026,636
Change in net assets	631,167	(9,032,520)	8,544,972	143,619
Net assets, beginning of year	5,392,868	42,722,252	63,594,578	111,709,698
Net assets, end of year	\$ 6,024,035	33,689,732	72,139,550	111,853,317

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, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support:				
Contributions	\$ 1,847,693	3,684,355	2,331,508	7,863,556
Net investment gain	1,442,572	292,479	66,693	1,801,744
Change in value of split interest agreements	—	(590)	(99,904)	(100,494)
Other	44,774	32,071	22	76,867
Change in restriction by donor	(10,614)	(2,046,584)	2,057,198	—
Net assets released from restrictions	10,802,618	(10,802,618)	—	—
Total revenues, gains and other support	14,127,043	(8,840,887)	4,355,517	9,641,673
Expenses:				
Program services:				
Contributions and support for The University of Southern Mississippi	11,158,123	—	—	11,158,123
Total program services	11,158,123	—	—	11,158,123
Supporting services:				
General and administrative	1,633,572	—	—	1,633,572
Fund raising	1,071,265	—	—	1,071,265
Total supporting services	2,704,837	—	—	2,704,837
Total expenses	13,862,960	—	—	13,862,960
Change in net assets	264,083	(8,840,887)	4,355,517	(4,221,287)
Net assets, beginning of year	5,128,785	51,563,139	59,239,061	115,930,985
Net assets, end of year	\$ 5,392,868	42,722,252	63,594,578	111,709,698

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Tuition and fees	\$ 572,470,925	530,733,389
Grants and contracts	409,349,570	388,595,413
Sales and services of educational departments	64,550,870	61,739,701
Payments to suppliers	(872,379,523)	(830,477,429)
Payments to employees for salaries and benefits	(2,043,367,412)	(1,933,205,524)
Payments for utilities	(64,926,009)	(70,830,937)
Payment for scholarships and fellowships	(166,766,819)	(174,101,475)
Loans issued to students and employees	(21,828,760)	(26,721,691)
Collections of loans to students and employees	13,859,921	14,905,504
Auxiliary enterprise charges:		
Student housing	82,129,563	85,684,860
Food services	25,866,267	27,112,762
Bookstore	6,689,090	6,823,911
Athletics	144,365,822	133,095,676
Other auxiliary enterprises	33,162,503	36,986,620
Patient care services	1,042,311,163	1,043,904,871
Interest earned on loans to students	1,016,071	938,552
Other receipts	114,225,851	97,335,440
Other payments	<u>(9,366,058)</u>	<u>(15,871,191)</u>
Net cash used in operating activities	<u>(668,636,965)</u>	<u>(623,351,548)</u>
Noncapital financing activities:		
State appropriations	756,058,081	729,617,722
Gifts and grants for other than capital purposes	172,434,526	181,498,476
Private gifts for endowment purposes	25,521,667	1,763,733
Federal loan program receipts	502,516,142	497,429,356
Federal loan program disbursements	(502,567,096)	(497,191,413)
Other sources	9,549,509	603,685
Other uses	<u>(32,641,048)</u>	<u>(4,395,602)</u>
Net cash provided by noncapital financing activities	<u>930,871,781</u>	<u>909,325,957</u>
Capital and related financing activities:		
Proceeds from capital debt	187,457,861	210,394,262
Cash paid for capital assets	(300,537,800)	(234,314,489)
Capital appropriations received	4,260,923	1,900,316
Capital grants and contracts received	45,290,179	49,450,389
Proceeds from sales of capital assets	1,233,478	1,112,223
Principal paid on capital debt and leases	(150,680,766)	(86,690,541)
Interest paid on capital debt and leases	(52,034,683)	(39,461,812)
Other sources	5,327,192	35,135,457
Other uses	<u>(19,862,003)</u>	<u>(75,684,916)</u>
Net cash used in capital and related financing activities	<u>(279,545,619)</u>	<u>(138,159,111)</u>
Investing activities:		
Proceeds from sales and maturities of investments	563,675,778	399,563,519
Interest received on investments	12,945,608	24,081,854
Purchases of investments	<u>(614,429,071)</u>	<u>(453,570,060)</u>
Net cash used in investing activities	<u>(37,807,685)</u>	<u>(29,924,687)</u>
Net change in cash and cash equivalents	(55,118,488)	117,890,611
Cash and cash equivalents, beginning of year	<u>701,630,457</u>	<u>583,739,846</u>
Cash and cash equivalents, end of the year	\$ <u>646,511,969</u>	<u>701,630,457</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (872,245,565)	(786,909,773)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	147,049,697	144,509,434
Self-insured claims expense	10,495,404	13,317,074
Provision for uncollectible patient accounts receivable	155,923,237	118,266,527
Other	324,992	7,928,806
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables, net	(184,602,695)	(129,096,725)
Inventories	(2,564,352)	(1,268,661)
Prepaid expenses	(766,692)	(11,148,419)
Other assets	(32,906,831)	(49,176,820)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	8,259,210	15,792,648
Unearned revenue	10,599,213	18,180,355
Deposits refundable	76,987	12,690
Accrued leave liability	3,947,099	3,424,323
Loans to students and employees	8,397,101	(570,951)
Other liabilities	79,376,230	33,387,944
Total adjustments	203,608,600	163,558,225
Net cash used in operating activities	\$ (668,636,965)	(623,351,548)
Reconciliation of cash and cash equivalents:		
Current assets – cash and cash equivalents	\$ 461,021,888	446,042,478
Noncurrent assets – restricted cash and cash equivalents	185,490,081	255,587,979
Cash and cash equivalents, end of year	\$ 646,511,969	701,630,457
Noncash capital related financing and investing activities:		
Capital assets acquired through donations and capital leases	\$ 82,307,425	57,729,480
Capital assets appropriated by the State of Mississippi	49,050,697	75,648,301

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

(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. Each of these member universities is a member of the IHL System. The IHL System is considered a component unit of the State of Mississippi reporting entity.

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 occur from the three current Supreme Court districts for terms of nine years.

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. 61, *The Financial Reporting Entity: Omnibus*, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to respective member university's operations. These blended component units provide services entirely, or almost entirely, to their respective universities. See note 9 for detailed educational building corporation activities.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

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 Executive Office	Institutions of Higher Learning – Executive Office
MCVS	Mississippi Commission for Volunteer Services – Off-campus 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 ASC 958, *Not-for-Profit Entities*. 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, which the foundations hold and invest are 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

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, 2016 and 2015, support distributions were as follows:

	2016	2015
Mississippi State University Foundation, Inc.	\$ 36,763,705	27,865,923
University of Mississippi Foundation	30,011,791	32,713,155
University of Southern Mississippi Foundation	9,605,938	11,158,123

(c) Basis of Accounting

The financial statements of the IHL System have been prepared in accordance with GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” as amended by GASB Statement No. 35, “Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities.” The IHL System is reporting as a special-purpose government engaged in business-type activities. In accordance with business-type activity reporting, the IHL System presents management’s discussion and analysis, statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the financial statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized 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.

(d) New Accounting Standards

During fiscal year 2016, the IHL System adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement generally requires investments to be measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques are required to be used that are appropriate with defined approaches. Disclosures are required to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The adoption of this statement had no impact on the financial statements beyond the disclosures added in note 2(b).

(e) Recently Issued Accounting Standards

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees not within the scope of Statement No. 68. Requirements are also established for assets accumulated for purposes of providing pensions through defined benefit pension plans that are not

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

administered through trusts that meet the criteria within the scope of Statement No. 67. This statement is effective for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes financial reporting standards for Other Post Employment Benefit Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. This Statement is effective for fiscal years beginning after June 15, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviation from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2016.

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

(f) 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 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 a 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, 2016 and 2015 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.

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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 21, 2016 which was the date the financial statements were available to be issued.

(g) *Cash Equivalents*

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

(h) *Short-Term Investments*

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

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

(j) *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 position 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 statements of net position.

(k) *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.

(l) *Prepaid Expenses*

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

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(m) *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 position.

(n) *Endowment Investments*

The IHL System's endowment investments recorded at fair value, 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.

(o) *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 position. Investments in partnerships for which there are no quoted market prices are valued at net asset value, as a practical expedient in determining fair value.

(p) *Capital Assets, Net*

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 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.

(q) *Deferred Inflows and Outflows*

The IHL System has deferred inflows of resources. The deferred inflows of resources are an acquisition of net assets by the IHL System that is applicable to a future reporting period and include pension related deferred inflows and deferred amount of debt refunding.

The IHL System has deferred outflows of resources. The deferred outflows of resources are consumption of net assets by the IHL System that are applicable to a future reporting period and include the unamortized amounts for losses on the refunding of bond debt and pension related deferred outflows.

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(r) Net Pension Liability

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

(s) Accounts Payable and Accrued Liabilities

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

(t) 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.

(u) Unearned Revenues

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

(v) 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.

(w) Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amount of proportionate share of net pension liability; (3) estimated amounts for accrued compensated absences, deposits refundable and other liabilities that will not be paid within the next fiscal year; and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

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(x) ***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 \$59.2 million and \$59.7 million, respectively, as of June 30, 2016 and 2015.

(y) ***Income Taxes***

As an integral part of the State of Mississippi, a governmental entity, the IHL System is generally not subject to federal income tax, 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).

(z) ***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. 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, and GASB No. 34. Examples of nonoperating expenses include interest on capital asset related debt and bond expenses.

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

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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.

(bb) Patient Care Revenues, Net

UMMC's hospital and clinical service revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including contractual allowances and estimated retroactive adjustments under reimbursement programs with third-party payors, 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 and Medicaid 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. 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 and Medicaid intermediary.

Impatient 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 28.5% and 31.2%, respectively, of UMMC's net patient service revenues for the years ended June 30, 2016 and approximately 27.2% and 31.7%, respectively, for the year ended June 30, 2015.

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.

(cc) 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 years ended June 30, 2012 for the Jackson Campus and June 30, 2013 for Holmes County Hospital. No cost reports for UMMC Grenada have been audited since this facility was acquired by UMMC.

During FY 2009, UHHS received notification that Medicare had designated the Recovery Audit Contractor (RAC) for the region that includes the State of Mississippi. The RAC program is intended to identify and recover improper Medicare payments made to health care providers as far back as three years from the current date. While UHHS believes all claims submitted to Medicare are supported by the services provided, the RAC could make adjustments based on differing interpretation of the regulations. Audits of Medicare claims began in FY 2010 and are expected to continue in the future.

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Based on recent audit experiences and planned audit activities, the reserve balance was \$2.25 million and \$9.0 million, which is recorded in other current liabilities, at the end of fiscal year 2016 and 2015, respectively. The main contributor to this decline is more favorable audit results coupled with less periods remaining under the audit.

Over seven years ago, the Division of Medicaid (DOM) notified all providers in the State of Mississippi of a change in the methodology used to reimburse outpatient services. DOM had adopted a payment methodology for outpatient services at a fixed cost to charge ratio that was increased each year by an inflationary index. At that time, DOM issued letters to all providers of an updated reimbursement percentage based on more current cost data. At June 30, 2016 and 2015, UHHS maintains a reserve of approximately \$12.8 million and \$12.1 million, respectively, in other current liabilities, for Medicaid rate recalculations and other adjustments for prior fiscal years.

(dd) *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 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.

(ee) *Net Position*

The IHL System adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2013, and, as a result, began reporting equity balances (previously referred to as Net Assets) as "Net Position." Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a statement of net position and is displayed in three components – net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

Net investment in capital assets 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 net investment in capital assets.

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

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

Unrestricted net position represent resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position 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.

(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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ 461,021,888	446,042,478
Restricted cash and cash equivalents	185,490,081	255,587,979
U.S. Treasury securities	259,420,914	198,612,317
U.S. Government agency securities	274,464,945	288,008,826
Commercial mortgage backed securities	3,240,927	3,133,647
Collateralized mortgage obligations	43,687,275	31,274,338
Asset backed securities	1,213,697	1,207,860
Corporate bonds and notes	19,411,339	4,575,838
Certificates of deposit	55,502,360	54,919,130
Municipal bonds	41,483,570	49,380,494
Money market funds	393,761	1,487,739
Domestic equity securities	9,046,754	11,473,588
Fixed income mutual funds	20,935,810	22,788,041
International equity mutual funds	17,612,446	24,059,755
Domestic equity mutual funds	21,619,071	31,006,565
Equity long/short hedge funds	76,262,177	61,969,695
Private capital	14,660,923	12,654,542
Mississippi State Investment Pool	37,906,842	40,504,996
Miscellaneous	20,377,455	19,141,807
Total	<u>\$ 1,563,752,235</u>	<u>1,557,829,635</u>

(b) Fair Value Measurement

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

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

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Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 of the fair value hierarchy are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. There are no investments classified in level 3.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy, as well as, the assets measured at the net asset value (NAV) per share as a practical expedient as of June 30, 2016 and 2015.

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
U.S. Treasury securities	\$ 259,420,914	—	—	259,420,914
U.S. Government securities	—	274,464,945	—	274,464,945
U.S. Government asset backed securities	—	48,141,899	—	48,141,899
Corporate bonds and notes	—	19,411,339	—	19,411,339
Certificates of deposit	—	55,502,360	—	55,502,360
Municipal bonds	—	41,483,570	—	41,483,570
Money market funds	—	393,761	—	393,761
	<u>—</u>	<u>393,761</u>	<u>—</u>	<u>393,761</u>
Total fixed income investments	\$ <u>259,420,914</u>	<u>439,397,874</u>	<u>—</u>	<u>698,818,788</u>
Equity securities:				
Domestic equity securities	\$ 9,046,754	—	—	9,046,754
Mutual funds (fixed, international, domestic)	<u>60,167,327</u>	<u>—</u>	<u>—</u>	<u>60,167,327</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total equity securities	\$ <u>69,214,081</u>	<u>—</u>	<u>—</u>	<u>69,214,081</u>
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds			\$ 76,262,177	
Private capital			14,660,923	
Mississippi State Investment Pool			37,906,842	
Other miscellaneous investments			<u>20,377,455</u>	
Total investments measured at NAV			<u>149,207,397</u>	
Total investments measured at fair value			<u>\$ 917,240,266</u>	

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	2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income investments:				
U.S. Treasury securities	\$ 198,612,317	—	—	198,612,317
U.S. Government securities	—	288,008,826	—	288,008,826
U.S. Government asset backed securities	—	35,615,845	—	35,615,845
Corporate bonds and notes	—	4,575,838	—	4,575,838
Certificates of deposit	—	54,919,130	—	54,919,130
Municipal bonds	—	49,380,494	—	49,380,494
Money market funds	—	1,487,739	—	1,487,739
	<hr/>	<hr/>	<hr/>	<hr/>
Total fixed income investments	\$ <u>198,612,317</u>	<u>433,987,872</u>	<u>—</u>	<u>632,600,189</u>
Equity Securities:				
Domestic equity securities	\$ 11,473,588	—	—	11,473,588
Mutual funds (fixed, international, domestic)	<u>77,854,361</u>	<u>—</u>	<u>—</u>	<u>77,854,361</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity securities	\$ <u>89,327,949</u>	<u>—</u>	<u>—</u>	<u>89,327,949</u>
Investments measured at NAV:				
Equity long/short hedge funds			\$ 61,969,695	
Private capital			12,654,542	
Mississippi State Investment Pool			40,504,996	
Other miscellaneous investments			<u>19,141,807</u>	
			<hr/>	
Total investments measured at NAV			<u>134,271,040</u>	
			<hr/>	
Total investments measured at fair value			<u>\$ 856,199,178</u>	

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The valuation method for investments measured at the net asset value (NAV) per share as a practical expedient is presented on the following table.

	2016			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Equity long/short hedge funds (1)	\$ 76,262,177	—	Quarterly	75 days
Private Capital (2)	14,660,923	—	Various	Various
State of Mississippi Investment Pool (3)	37,906,842	—	Daily	1 day
Other miscellaneous investments (4)	<u>20,377,455</u>	—	Various	Various
Total investments measured at NAV	\$ <u>149,207,397</u>			

- (1) Equity long/short hedge and venture capital funds. These funds specialize primarily in classic long/short hedge equity strategies. These funds invest globally, with a majority of the exposure in liquid, developed markets, and invest primarily in private investment partnerships, venture capital opportunities or limited liability companies and in separately managed accounts, each of which are managed by independent managers.
- (2) Private capital. These investments were provided to help build new startup equities that are considered to have high-growth and high risk potential, mainly in the technology and healthcare sectors.
- (3) Mississippi State Investment Pool. This is investments in diversifying strategies that allow for early redemption for specified fees. With the exception of certain diversifying strategy investments, which has daily redemption, the terms and conditions upon which an investor may redeem an investment vary, usually with a majority requiring 3 to 180 days notice after the initial lock up period, which may be from one to three years. At June 30, 2016 there were no diversifying strategy investments for which an otherwise redeemable investment was not redeemable.
- (4) Other miscellaneous investments. These investments mainly consist of various other miscellaneous tangible items such as land, timberland and various real estate, etc.

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	2015			
	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 61,969,695	—	Quarterly	75 days
Private Capital (2)	12,654,542	—	Various	Various
Mississippi State Investment Pool (3)	40,504,996	—	Daily	1 day
Other miscellaneous investments (4)	19,141,807	—	Various	Various
Total investments measured at NAV	\$ <u>134,271,040</u>			

(1) Equity long/short hedge and venture capital funds. These funds specialize primarily in classic long/short hedge equity strategies. These funds invest globally, with a majority of the exposure in liquid, developed markets, and invest primarily in private investment partnerships, venture capital opportunities or limited liability companies and in separately managed accounts, each of which are managed by independent managers.

(2) Private capital. These investments were provided to help build new startup equities that are considered to have high-growth and high risk potential, mainly in the technology and healthcare sectors.

(3) Mississippi State Investment Pool. This is investments in diversifying strategies that allow for early redemption for specified fees. With the exception of certain diversifying strategy investments, which has daily redemption, the terms and conditions upon which an investor may redeem an investment vary, usually with a majority requiring 3 to 180 days notice after the initial lock up period, which may be from one to three years. At June 30, 2015 there were no diversifying strategy investments for which an otherwise redeemable investment was not redeemable.

(4) Other miscellaneous investments. These investments mainly consist of various other miscellaneous tangible items such as land, timberland and various real estate, etc.

The equity in the long/short hedge funds, private capital, Mississippi State Investment Pool, and other miscellaneous investments represents the IHL System's participations in those investments which is measured at the net asset value (NAV) per share.

(c) 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, 2016 and 2015.

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(d) 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, 2016 and 2015, the IHL System had the following investments subject to interest rate risk:

	2016				
	Years to maturity				
	Fair value	Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 259,420,914	124,504,324	127,278,261	7,599,432	38,897
U.S. Government agency obligations	274,464,945	77,756,296	120,885,017	71,996,777	3,826,855
Commercial mortgage backed securities	3,240,927	—	1,654,058	604,896	981,973
Collateralized mortgage obligations	43,687,275	1,437,322	12,586,247	1,105,136	28,558,570
Asset backed securities	1,213,697	—	—	1,213,697	—
Corporate bonds and notes	19,411,339	1,210,748	2,281,257	9,315,873	6,603,461
Certificates of deposit	55,502,360	6,037,360	49,465,000	—	—
Municipal bonds	41,483,570	1,918,614	19,045,571	15,702,879	4,816,506
Fixed income mutual funds	20,935,810	341,346	18,714,627	1,871,863	7,974
Total	<u>\$ 719,360,837</u>	<u>213,206,010</u>	<u>351,910,038</u>	<u>109,410,553</u>	<u>44,834,236</u>
	2015				
	Years to maturity				
	Fair value	Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 198,612,317	81,262,627	117,343,693	—	5,997
U.S. Government agency obligations	288,008,826	67,274,461	121,193,340	67,427,908	32,113,117
Commercial mortgage backed securities	3,133,647	—	1,654,360	280,604	1,198,683
Collateralized mortgage obligations	31,274,338	728,094	8,533,479	—	22,012,765
Asset backed securities	1,207,860	—	—	1,207,860	—
Corporate bonds and notes	4,575,838	977,552	2,879,807	606,362	112,117
Certificates of deposit	54,919,130	10,522,095	44,397,035	—	—
Municipal bonds	49,380,494	2,800,496	21,959,485	17,550,092	7,070,421
Fixed income mutual funds	22,788,041	59,168	7,772,327	14,956,546	—
Total	<u>\$ 653,900,491</u>	<u>163,624,493</u>	<u>325,733,526</u>	<u>102,029,372</u>	<u>62,513,100</u>

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(e) 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, 2016 and 2015, the IHL System had the following investments recorded at fair value subject to credit risk:

	<u>2016</u>	<u>2015</u>
Credit rating:		
AAA	\$ 45,513,336	38,150,832
Aaa	115,497,557	116,392,048
Aa1	16,086	16,643
Aa2	35,432,225	24,486,906
Aa3	606,757	696,332
AA	154,513,806	150,675,510
A1	255,753	1,269,805
A2	580,365	568,691
A3	24,068	29,880
A	2,873,111	3,398,112
A+	605,514	—
B	470,241	1,095,463
BA	14,037	13,872
BAA	109,650	133,972
Baa1	112,295	260,408
Baa3	100,281	—
BBB	1,046,951	1,098,554
BB	556,032	937,254
CCC	683,439	1,166,770
Not Rated or Unavailable	45,426,059	59,977,992
Total	<u>\$ 404,437,563</u>	<u>400,369,044</u>

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

(f) 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.

As of June 30, 2016 and 2015, the IHL System had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

<u>Issuer</u>	<u>2016</u>	
	<u>Fair value</u>	<u>Percentage</u>
Federal Home Loan Bank notes	\$ 81,446,551	8.88%

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Issuer	2015	
	Fair value	Percentage
Federal Home Loan Bank notes	\$ 112,803,613	13.18%

(g) 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 \$10.4 million and \$23.1 million at June 30, 2016 and 2015, respectively.

(3) Accounts Receivable, Net

Accounts receivable consisted of the following at June 30, 2016 and 2015:

Type of receivable	2016	2015
Student tuition	\$ 100,201,333	93,590,517
Auxiliary enterprises and other operating activities	32,949,571	29,592,762
Contributions and gifts	13,076,893	14,008,404
Federal, state, and private grants and contracts	101,889,020	102,356,859
State appropriation	10,717,733	15,077,084
Accrued interest	8,196,977	2,706,997
Patient care	2,679,953,202	2,569,494,128
Other	21,782,103	21,034,854
	2,968,766,832	2,847,861,605
Total accounts receivable		
Less bad debt provision	(2,594,076,336)	(2,509,071,442)
Net accounts receivable	\$ 374,690,496	338,790,163

(4) Students Notes Receivable, Net

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.

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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, 2016 and 2015:

	<u>Interest rates</u>	<u>June 30, 2016</u>	<u>Current portion</u>	<u>Noncurrent portion</u>
Perkins student loans	3% to 9%	\$ 68,526,797	7,971,332	60,555,465
Institutional loans	0% to 10%	60,471,743	7,960,012	52,511,731
Nursing student loans	3% to 9%	1,394,542	134,227	1,260,315
Dental student loans	3% to 9%	460,519	39,665	420,854
Medical student loans	3% to 9%	169,517	12,772	156,745
Other federal loans	3% to 9%	<u>3,987,580</u>	<u>2,158,859</u>	<u>1,828,721</u>
Total notes receivable		135,010,698	18,276,867	116,733,831
Less allowance for doubtful accounts		<u>(19,197,810)</u>	<u>(2,510,659)</u>	<u>(16,687,151)</u>
Net notes receivable		\$ <u>115,812,888</u>	<u>15,766,208</u>	<u>100,046,680</u>

	<u>Interest rates</u>	<u>June 30, 2015</u>	<u>Current portion</u>	<u>Noncurrent portion</u>
Perkins student loans	3% to 9%	\$ 70,625,994	9,825,069	60,800,925
Institutional loans	0% to 10%	58,682,966	7,457,245	51,225,721
Nursing student loans	3% to 9%	1,248,872	116,058	1,132,814
Dental student loans	3% to 9%	449,560	28,572	420,988
Medical student loans	3% to 9%	184,033	6,964	177,069
Other federal loans	3% to 9%	<u>3,991,520</u>	<u>2,213,240</u>	<u>1,778,280</u>
Total notes receivable		135,182,945	19,647,148	115,535,797
Less allowance for doubtful accounts		<u>(20,526,758)</u>	<u>(3,806,339)</u>	<u>(16,720,419)</u>
Net notes receivable		\$ <u>114,656,187</u>	<u>15,840,809</u>	<u>98,815,378</u>

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(5) Capital Assets

A summary of changes in capital assets for the years ended June 30, 2016 and 2015 is presented as follows:

	Balance June 30, 2015	Additions	Deletions/ transfers	Balance June 30, 2016
Nondepreciable capital assets:				
Land	\$ 91,180,637	14,231,043	(1,528,956)	103,882,724
Construction in progress	542,393,985	354,696,182	(245,007,578)	652,082,589
Livestock	1,841,819	277,666	(229,131)	1,890,354
	<u>635,416,441</u>	<u>369,204,891</u>	<u>(246,765,665)</u>	<u>757,855,667</u>
Depreciable capital assets:				
Buildings	3,294,288,590	234,983,187	(4,070,938)	3,525,200,839
Improvements other than buildings	337,478,533	11,099,750	(274,168)	348,304,115
Equipment	798,437,702	59,681,546	(26,470,404)	831,648,844
Library books	390,159,181	13,451,971	(975,896)	402,635,256
	<u>4,820,364,006</u>	<u>319,216,454</u>	<u>(31,791,406)</u>	<u>5,107,789,054</u>
Total capital assets	<u>5,455,780,447</u>	<u>688,421,345</u>	<u>(278,557,071)</u>	<u>5,865,644,721</u>
Less accumulated depreciation:				
Buildings	854,704,738	64,791,838	(1,340,141)	918,156,435
Improvements other than buildings	130,261,392	12,136,971	(99,482)	142,298,881
Equipment	556,372,552	56,021,960	(23,866,576)	588,527,936
Library books	329,268,006	14,098,928	(951,919)	342,415,015
	<u>1,870,606,688</u>	<u>147,049,697</u>	<u>(26,258,118)</u>	<u>1,991,398,267</u>
Net capital assets	\$ <u>3,585,173,759</u>	<u>541,371,648</u>	<u>(252,298,953)</u>	<u>3,874,246,454</u>

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	Balance June 30, 2014	Additions	Deletions/ transfers	Balance June 30, 2015
Nondepreciable capital assets:				
Land	\$ 87,278,223	3,902,414	—	91,180,637
Construction in progress	494,823,861	272,929,439	(225,359,315)	542,393,985
Livestock	1,717,663	181,646	(57,490)	1,841,819
Total nondepreciable capital assets	583,819,747	277,013,499	(225,416,805)	635,416,441
Depreciable capital assets:				
Buildings	3,072,899,167	227,401,512	(6,012,089)	3,294,288,590
Improvements other than buildings	312,650,876	24,862,215	(34,558)	337,478,533
Equipment	764,548,649	54,942,185	(21,053,132)	798,437,702
Library books	377,501,528	13,534,998	(877,345)	390,159,181
Total depreciable assets	4,527,600,220	320,740,910	(27,977,124)	4,820,364,006
Total capital assets	5,111,419,967	597,754,409	(253,393,929)	5,455,780,447
Less accumulated depreciation:				
Buildings	795,325,438	61,732,419	(2,353,119)	854,704,738
Improvements other than buildings	118,667,841	11,593,551	—	130,261,392
Equipment	516,503,098	57,826,679	(17,957,225)	556,372,552
Library books	315,779,808	14,170,949	(682,751)	329,268,006
Total accumulated depreciation	1,746,276,185	145,323,598	(20,993,095)	1,870,606,688
Net capital assets	\$ 3,365,143,782	452,430,811	(232,400,834)	3,585,173,759

As of June 30, 2016 and 2015, capital assets included assets under capital leases with an original cost basis of approximately \$138.4 million and \$76.8 million, respectively, accumulated amortization of approximately \$6.7 million and \$5.1 million, 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.

Capital assets	Estimated useful life	Salvage value	Capitalization threshold
Buildings	40 Years	20%	\$ 50,000
Improvements other than buildings	20 Years	20	25,000
Equipment	3–15 Years	1–10	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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Payable to vendors and contractors	\$ 117,458,587	106,074,065
Accrued salaries, wages and employee withholdings	85,540,285	81,468,870
Accrued interest	4,974,117	4,932,113
Other	6,717,078	13,955,809
	<u> </u>	<u> </u>
Total	\$ <u>214,690,067</u>	<u>206,430,857</u>

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

(7) Unearned Revenues

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

	<u>2016</u>	<u>2015</u>
Unearned summer school revenue	\$ 29,615,464	26,555,132
Unearned grants and contract revenue	43,433,495	38,013,499
Other, principally athletic activities	51,969,942	49,851,057
	<u> </u>	<u> </u>
Total	\$ <u>125,018,901</u>	<u>114,419,688</u>

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

(8) Material Blended Component Units of the IHL System

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to respective member universities' operations. These blended component units provide services entirely, or almost entirely, to their respective universities. Condensed financial information as of June 30, 2016 and 2015 is listed in the following schedule.

	<u>2016 Condensed Financial Information for Educational Building Corporations</u>							
	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MVSU</u>	<u>UM</u>	<u>USM</u>	<u>UMMC</u>
Current assets	\$ 8,134	—	—	—	—	48,754,192	6,852,892	6,654,876
Noncurrent assets	<u>44,735,599</u>	<u>2,515,000</u>	<u>96,312,644</u>	<u>317,520,000</u>	<u>18,530,000</u>	<u>243,455,494</u>	<u>179,514,598</u>	<u>246,801,871</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>44,743,733</u>	<u>2,515,000</u>	<u>96,312,644</u>	<u>317,520,000</u>	<u>18,530,000</u>	<u>292,209,686</u>	<u>186,367,490</u>	<u>253,456,747</u>
Deferred outflows of resources	—	—	—	—	—	—	—	4,283,040

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2016 Condensed Financial Information for Educational Building Corporations								
	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MVSU</u>	<u>UM</u>	<u>USM</u>	<u>UMMC</u>
Current liabilities	\$ 1,300,860	535,000	3,123,985	11,225,000	375,000	16,067,910	6,852,892	6,654,875
Noncurrent liabilities	50,204,677	1,980,000	93,188,659	306,295,000	18,155,000	274,012,211	179,514,598	251,230,679
Total liabilities	<u>51,505,537</u>	<u>2,515,000</u>	<u>96,312,644</u>	<u>317,520,000</u>	<u>18,530,000</u>	<u>290,080,121</u>	<u>186,367,490</u>	<u>257,885,554</u>
Total net position	<u>\$ (6,761,804)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,129,565</u>	<u>—</u>	<u>(145,767)</u>
Operating revenues	\$ 2,750,938	—	—	—	1,631,457	—	—	12,001,672
Operating expenses	4,640,915	—	—	—	1,631,457	—	—	11,070,760
Total operating income (loss)	<u>(1,889,977)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>930,912</u>
Nonoperating revenues	2	—	4,820,680	14,483,453	—	7,440,535	6,148,288	—
Nonoperating expenses	—	535,000	4,820,680	14,483,453	—	7,440,535	6,148,288	—
Total nonoperating revenue (expenses)	<u>2</u>	<u>(535,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net position	<u>\$ (1,889,975)</u>	<u>(535,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>930,912</u>

2015 Condensed Financial Information for Educational Building Corporations								
	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MVSU</u>	<u>UM</u>	<u>USM</u>	<u>UMMC</u>
Current assets	\$ 91,577	—	—	—	—	21,576,257	6,251,245	6,448,568
Noncurrent assets	40,348,021	3,035,000	99,703,558	327,090,000	17,520,000	140,740,756	176,994,848	249,089,119
Total assets	<u>40,439,598</u>	<u>3,035,000</u>	<u>99,703,558</u>	<u>327,090,000</u>	<u>17,520,000</u>	<u>162,317,013</u>	<u>183,246,093</u>	<u>255,537,687</u>
Deferred outflows of resources	—	—	—	—	—	—	—	4,518,800
Current liabilities	576,844	520,000	3,036,849	9,570,000	335,000	19,704,000	6,251,245	6,451,427
Noncurrent liabilities	44,734,583	2,515,000	96,666,709	317,520,000	17,185,000	142,613,013	176,994,848	257,038,369
Total liabilities	<u>45,311,427</u>	<u>3,035,000</u>	<u>99,703,558</u>	<u>327,090,000</u>	<u>17,520,000</u>	<u>162,317,013</u>	<u>183,246,093</u>	<u>263,489,796</u>
Total net position	<u>\$ (4,871,829)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,433,309)</u>
Operating revenues	\$ 2,674,188	—	—	—	1,066,889	—	—	12,225,929
Operating expenses	3,540,788	—	—	—	1,066,889	—	—	11,896,523
Total operating income (loss)	<u>(866,600)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>329,406</u>
Nonoperating revenues	8	—	4,512,369	11,113,540	—	5,398,198	7,769,599	—
Nonoperating expenses	—	520,000	4,512,369	11,113,540	—	5,398,198	7,769,599	2,356,630
Total nonoperating revenue (expenses)	<u>8</u>	<u>(520,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,356,630)</u>
Change in net position	<u>\$ (866,592)</u>	<u>(520,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,027,224)</u>

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(9) Long-Term Liabilities

Long-term liabilities of the IHL System consist 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, 2016 and 2015. 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. Other long-term liabilities and notes payable consist of accrued leave liabilities, deposits refundable, notes payable, pension liability, and other liabilities (government advance refundables, self-insured workers compensation, and tort claims).

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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, 2016 and 2015, is listed in the following schedule.

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded debt:								
2009 Series A Student Housing Project	\$ 47,000,000	5.13%–5.25%	2040	\$ 45,535,460	—	42,445,460	3,090,000	640,000
2016 Series A	43,630,000	2.00%–5.00%	2040	—	48,463,665	48,128	48,415,537	660,860
Total bonded debt				45,535,460	48,463,665	42,493,588	51,505,537	1,300,860
Other long-term liabilities:								
Pension liability				56,758,259	14,276,573	—	71,034,832	—
Accrued leave liabilities				4,580,386	1,546,723	1,643,501	4,483,608	867,445
Deposits refundable				601,930	61,984	—	663,914	—
Total other long-term liabilities				61,940,575	15,885,280	1,643,501	76,182,354	867,445
Total				\$ 107,476,035	64,348,945	44,137,089	127,687,891	2,168,305
Due within one year							(2,168,305)	
Total long-term liabilities							\$ 125,519,586	

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Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded debt:								
2003 Series	\$ 2,475,000	3.00%–4.25%	2024	\$ 1,400,000	—	130,000	1,270,000	135,000
2009 Series	3,135,000	2.50%–3.75%	2019	1,635,000	—	390,000	1,245,000	400,000
Total bonded debt				3,035,000	—	520,000	2,515,000	535,000
Capital leases:								
Infrastructure/Desktop/Hardware				144,622	—	37,160	107,462	37,188
Airplanes				819,663	—	261,317	558,346	273,045
Foundation hall and faculty apartments				15,790,000	—	390,000	15,400,000	400,000
Total capital leases				16,754,285	—	688,477	16,065,808	710,233
Other long-term liabilities:								
Pension liability				33,537,396	8,644,006	—	42,181,402	—
Accrued leave liabilities				1,559,848	—	75,076	1,484,772	238,236
Deposits refundable				133,157	—	4,962	128,195	—
Other				1,798,647	128,389	—	1,927,036	—
Total other long-term liabilities				37,029,048	8,772,395	80,038	45,721,405	238,236
Total				\$ 56,818,333	8,772,395	1,288,515	64,302,213	1,483,469
Due within one year							(1,483,469)	
Total long-term liabilities							\$ 62,818,744	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				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	\$ 975,000	—	150,000	825,000	155,000
Series 2010-A-1	31,325,000	3.00%–5.00%	2034	25,189,816	—	34,990	25,154,826	40,819
Campus Revenue Bond – 2015A	57,595,000	2.00%–5.00%	2045	58,787,216	—	428,925	58,358,291	143,548
Campus Revenue Bond – 2015B	13,065,000	2.60%	2021	13,065,000	—	2,590,000	10,475,000	2,590,000
Total bonded debt				<u>98,017,032</u>	<u>—</u>	<u>3,203,915</u>	<u>94,813,117</u>	<u>2,929,367</u>
Capital leases:								
Buses				1,071,633	—	91,992	979,641	96,739
Other long-term liabilities and notes payable:								
Pension liability				100,387,620	30,452,665	—	130,840,285	—
Accrued leave liabilities				5,355,359	562,806	—	5,918,165	426,108
Deposits refundable				26,410	43,959	—	70,369	—
Federal Portion – Perkins Loan Program				1,760,104	62,908	—	1,823,012	—
Notes payable				614,893	—	95,007	519,886	97,879
Total other long-term liabilities and notes payable				<u>108,144,386</u>	<u>31,122,338</u>	<u>95,007</u>	<u>139,171,717</u>	<u>523,987</u>
Total				<u>\$ 207,233,051</u>	<u>31,122,338</u>	<u>3,390,914</u>	<u>234,964,475</u>	<u>3,550,093</u>
Due within one year							(3,550,093)	
Total long-term liabilities							\$ <u>231,414,382</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded debt:								
Dormitory Bonds	\$ 2,250,000	3.00%	2022	\$ 530,000	—	80,000	450,000	85,000
Student Apartments	2,038,000	3.00%	2023	570,000	—	75,000	495,000	75,000
EBC – Revenue Bonds	31,865,000	3.75% –5.25%	2019	4,640,000	—	1,465,000	3,175,000	1,545,000
EBC – Revenue Bonds	58,965,000	4.00% –5.00%	2016	1,835,000	—	1,835,000	—	—
EBC – Revenue Bonds	6,110,000	4.13% –5.00%	2029	4,570,000	—	265,000	4,305,000	280,000
EBC – Revenue Bonds	29,615,000	2.50% –5.25%	2040	27,190,000	—	650,000	26,540,000	675,000
EBC – Revenue Bonds	17,105,000	2.75% –5.00%	2025	11,910,000	—	—	11,910,000	—
EBC – Revenue Bonds	54,370,000	2.00% –5.00%	2043	48,585,000	—	2,040,000	46,545,000	2,120,000
EBC – Revenue Bonds	60,470,000	2.00% –5.00%	2044	59,980,000	—	505,000	59,475,000	525,000
EBC – Revenue Bonds	89,810,000	2.00% –5.00%	2044	89,810,000	—	2,230,000	87,580,000	4,180,000
EBC – Revenue Bonds	23,435,000	0.29% –4.81%	2044	22,560,000	—	580,000	21,980,000	905,000
EBC – Revenue Bonds	56,010,000	2.00% –5.00%	2046	56,010,000	—	—	56,010,000	995,000
Total bonded debt				<u>328,190,000</u>	<u>—</u>	<u>9,725,000</u>	<u>318,465,000</u>	<u>11,385,000</u>
Other long-term liabilities:								
Pension liability				377,668,592	109,951,061	—	487,619,653	—
Accrued leave liabilities				25,231,174	1,459,617	—	26,690,791	2,081,145
Deposits refundable				31,635	8,798	—	40,433	—
Other				13,907,544	—	198,447	13,709,097	—
Total other long-term liabilities				<u>416,838,945</u>	<u>111,419,476</u>	<u>198,447</u>	<u>528,059,974</u>	<u>2,081,145</u>
Total				<u>\$ 745,028,945</u>	<u>111,419,476</u>	<u>9,923,447</u>	<u>846,524,974</u>	<u>13,466,145</u>
Due within one year							(13,466,145)	
Total long-term liabilities							<u>\$ 833,058,829</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital leases:								
Various equipment				\$ 517,835	—	142,919	374,916	146,891
Other long-term liabilities:								
Pension liability				27,087,951	8,411,459	—	35,499,410	—
Accrued leave liabilities				1,225,479	33,875	—	1,259,354	50,374
Other				1,114,670	—	107,724	1,006,946	—
Total other long-term liabilities				<u>29,428,100</u>	<u>8,445,334</u>	<u>107,724</u>	<u>37,765,710</u>	<u>50,374</u>
Total				<u>\$ 29,945,935</u>	<u>8,445,334</u>	<u>250,643</u>	<u>38,140,626</u>	<u>197,265</u>
Due within one year							<u>(197,265)</u>	
Total long-term liabilities							<u>\$ 37,943,361</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded debt:								
EBC – 2007	\$ 19,015,000	4.00%	2037	\$ 17,520,000	—	16,260,000	1,260,000	375,000
EBC – 2015	17,270,000	2.00	2037	—	17,270,000	—	17,270,000	—
Total bonded debt				17,520,000	17,270,000	16,260,000	18,530,000	375,000
Capital lease:								
Equipment				—	407,504	—	407,504	78,690
Other long-term liabilities:								
Pension liability				31,120,964	6,634,221	—	37,755,185	—
Accrued leave liabilities				1,597,550	314,511	—	1,912,061	251,037
Deposits refundable				31,651	—	962	30,689	—
Total other long-term liabilities				32,750,165	6,948,732	962	39,697,935	251,037
Total				\$ 50,270,165	24,626,236	16,260,962	58,635,439	704,727
Due within one year							(704,727)	
Total long-term liabilities							\$ 57,930,712	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded debt:								
EBC – 2005	\$ 10,965,000	3.50%–4.38%	2028	\$ 7,015,000	—	7,015,000	—	—
EBC – 2006A	17,985,000	5.00%	2026	9,860,000	—	8,530,000	1,330,000	1,330,000
EBC – 2006B-1	17,290,000	3.63%–5.00%	2027	10,500,000	—	1,030,000	9,470,000	1,065,000
EBC – 2008A	29,785,000	4.00%–4.25%	2034	25,205,000	—	22,415,000	2,790,000	890,000
EBC – 2009A	19,870,000	3.25%–4.50%	2030	16,125,000	—	815,000	15,310,000	840,000
EBC – 2009B	24,165,000	3.62%–5.00%	2021	13,740,000	—	2,010,000	11,730,000	2,125,000
EBC – 2009C	14,770,000	3.00%–4.75%	2035	12,795,000	—	430,000	12,365,000	440,000
EBC – 2011	27,995,000	3.00%–4.75%	2032	28,649,289	—	910,966	27,738,323	883,366
EBC – Series 2015A	15,660,000	2.00%–4.00%	2041	15,660,000	—	100,000	15,560,000	180,000
EBC – Series 2015B	10,125,000	0.90%–3.75%	2031	10,125,000	—	555,000	9,570,000	585,000
EBC – Series 2015C	\$31,630,000	2.00%–5.00%	2047	—	33,706,400	—	33,706,400	773,978
EBC – Series 2015D	\$17,660,000	0.69%–4.45%	2037	—	19,736,399	—	19,736,399	858,978
EBC – Series 2016A	\$33,245,000	2.00%–5.00%	2035	—	33,973,347	—	33,973,347	575,000
Total bonded debt				<u>149,674,289</u>	<u>87,416,146</u>	<u>43,810,966</u>	<u>193,279,469</u>	<u>10,546,322</u>
Capital leases:								
Buildings				14,550,606	36,753,154	3,723,378	47,580,382	3,207,972
Assets under construction				<u>38,246,846</u>	—	—	<u>38,246,846</u>	—
Total capital leases				<u>52,797,452</u>	<u>36,753,154</u>	<u>3,723,378</u>	<u>85,827,228</u>	<u>3,207,972</u>
Other long-term liabilities and notes payable:								
Pension liability				224,435,474	63,437,077	—	287,872,551	—
Accrued leave liabilities				15,905,194	1,014,225	—	16,919,419	1,438,000
Deposits refundable				100,222	—	12,150	88,072	—
Notes payable				—	9,500,000	—	9,500,000	840,191
Other				<u>9,405,200</u>	—	<u>78,500</u>	<u>9,326,700</u>	—
Total other long-term liabilities and notes payable				<u>249,846,090</u>	<u>73,951,302</u>	<u>90,650</u>	<u>323,706,742</u>	<u>2,278,191</u>
Total				<u>\$ 452,317,831</u>	<u>198,120,602</u>	<u>47,624,994</u>	<u>602,813,439</u>	<u>16,032,485</u>
Due within one year							<u>(16,032,485)</u>	
Total long-term liabilities							<u>\$ 586,780,954</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded debt:								
The Village	\$ 18,725,000	3.63%–5.00%	2032	\$ 395,000	—	395,000	—	—
EBC Refunding	24,855,000	3.63%–5.00%	2027	1,765,000	—	1,765,000	—	—
Athletic Improvements	27,190,000	4.00%–5.00%	2034	1,115,000	—	535,000	580,000	580,000
Dormitory Construction	49,900,000	2.75%–5.38%	2037	49,785,000	—	47,675,000	2,110,000	335,000
SMBEC Series 2013	51,875,000	2.75%–5.38%	2044	59,307,664	—	1,883,029	57,424,635	985,000
SMEBC Series 2015A	38,600,000	2.00%–5.00%	2034	38,600,000	—	255,000	38,345,000	455,000
SMEBC Series 2015B	16,690,000	0.50%–3.25%	2034	16,690,000	—	375,000	16,315,000	2,165,000
SMEBC Series 2016	58,870,000	2.00%–5.00%	2040	—	70,793,434	—	70,793,434	1,704,911
Total bonded debt				<u>167,657,664</u>	<u>70,793,434</u>	<u>52,883,029</u>	<u>185,568,069</u>	<u>6,224,911</u>
Certificates of Participation								
Parking Garage, Series 2009				14,255,000	—	14,255,000	—	—
Capital leases:								
Various equipment				1,622,805	—	507,479	1,115,326	510,107
Other long-term liabilities and notes payable:								
Pension liability				163,430,215	41,307,930	—	204,738,145	—
Accrued leave liabilities				10,063,335	—	17,353	10,045,982	1,230,000
Deposits refundable				33,223	—	19,680	13,543	—
Notes payable				1,333,429	—	534,008	799,421	627,981
Other				26,701,067	—	118,908	26,582,159	—
Total other long-term liabilities and notes payable				<u>201,561,269</u>	<u>41,307,930</u>	<u>689,949</u>	<u>242,179,250</u>	<u>1,857,981</u>
Total				<u>\$ 385,096,738</u>	<u>112,101,364</u>	<u>68,335,457</u>	<u>428,862,645</u>	<u>8,592,999</u>
Due within one year							<u>(8,592,999)</u>	
Total long-term liabilities							<u>\$ 420,269,646</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				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 2009	105,605,000	2.00%–5.00%	2034	84,548,689	—	5,004,405	79,544,284	5,199,405
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	2,905,416	—	534,083	2,371,333	564,083
Series 2012A	51,860,000	4.00%–5.00%	2041	51,727,393	—	44,203	51,683,190	44,202
Series 2012B	53,390,000	4.07%–4.82%	2038	54,671,871	—	—	54,671,871	—
Total bonded debt				<u>262,393,369</u>	<u>—</u>	<u>5,582,691</u>	<u>256,810,678</u>	<u>5,807,690</u>
Other long-term liabilities:								
Pension liability				821,435,313	339,073,151	72,947,291	1,087,561,173	—
Accrued leave liabilities				55,047,823	8,371,322	4,712,102	58,707,043	4,394,887
Other				38,043,985	117,892	331,555	37,830,322	4,984,000
Total other long-term liabilities				<u>914,527,121</u>	<u>347,562,365</u>	<u>77,990,948</u>	<u>1,184,098,538</u>	<u>9,378,887</u>
Total				<u>\$ 1,176,920,490</u>	<u>347,562,365</u>	<u>83,573,639</u>	<u>1,440,909,216</u>	<u>15,186,577</u>
Due within one year							<u>(15,186,577)</u>	
Total long-term liabilities							<u>\$ 1,425,722,639</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:								
Other long-term liabilities:								
Pension liability				\$ 13,082,977	3,956,286	445,836	16,593,427	—
Accrued leave liabilities				818,152	4,755	—	822,907	34,787
Other				40,648,373	2,842,822	1,681,373	41,809,822	10,084,613
Total				<u>\$ 54,549,502</u>	<u>6,803,863</u>	<u>2,127,209</u>	59,226,156	<u>10,119,400</u>
Due within one year							(10,119,400)	
Total long-term liabilities							<u>\$ 49,106,756</u>	
MCVS:								
Other long-term liabilities:								
Pension liability				\$ 1,092,239	138,876	—	1,231,115	—
Accrued leave liabilities				59,559	6,531	—	66,090	2,400
Total				<u>\$ 1,151,798</u>	<u>145,407</u>	<u>—</u>	1,297,205	<u>2,400</u>
Due within one year							(2,400)	
Total long-term liabilities							<u>\$ 1,294,805</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2016				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning – Combined:								
Total bonded debt				\$ 1,072,022,814	223,943,245	174,479,189	1,121,486,870	39,104,150
Total capital leases				71,692,377	38,232,291	5,154,245	104,770,423	4,750,632
Other long-term liabilities and notes payable:								
Pension liability				1,850,037,000	626,283,305	73,393,127	2,402,927,178	—
Accrued leave liabilities				121,443,859	13,314,365	6,448,032	128,310,192	11,014,419
Deposits refundable				958,228	114,741	37,754	1,035,215	—
Notes payable				16,203,322	9,500,000	14,884,015	10,819,307	1,566,051
Other				134,451,223	3,152,011	3,588,140	134,015,094	15,068,613
Total other long-term liabilities and notes payable				<u>2,123,093,632</u>	<u>652,364,422</u>	<u>98,351,068</u>	<u>2,677,106,986</u>	<u>27,649,083</u>
Total				<u>\$ 3,266,808,823</u>	<u>914,539,958</u>	<u>277,984,502</u>	<u>3,903,364,279</u>	<u>71,503,865</u>
Due within one year							(71,503,865)	
Total noncurrent liabilities							<u>\$ 3,831,860,414</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded debt:								
2009 Series A Student Housir \$	47,000,000	5.13%–5.25%	2040	\$ 45,858,617	76,843	400,000	45,535,460	576,844
Total bonded debt				45,858,617	76,843	400,000	45,535,460	576,844
Other long-term liabilities:								
Pension liability				64,134,357	885,413	8,261,511	56,758,259	—
Accrued leave liabilities				4,632,504	1,533,580	1,585,698	4,580,386	943,097
Deposits refundable				595,628	6,302	—	601,930	—
Total other long-term liabilities				69,362,489	2,425,295	9,847,209	61,940,575	943,097
Total				\$ 115,221,106	2,502,138	10,247,209	107,476,035	1,519,941
Due within one year							(1,519,941)	
Total long-term liabilities							\$ 105,956,094	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded debt:								
2003 Series	\$ 2,475,000	3.00%–4.25%	2024	\$ 1,525,000	—	125,000	1,400,000	130,000
2009 Series	3,135,000	2.50%–3.75%	2019	2,010,000	—	375,000	1,635,000	390,000
Total bonded debt				3,535,000	—	500,000	3,035,000	520,000
Capital leases:								
Infrastructure/Desktop/Hardware				—	151,388	6,766	144,622	35,706
Airplanes				1,069,749	—	250,086	819,663	590,338
Foundation hall and faculty apartments				16,170,000	—	380,000	15,790,000	390,000
Total capital leases				17,239,749	151,388	636,852	16,754,285	1,016,044
Other long-term liabilities:								
Pension liability				37,895,795	523,174	4,881,573	33,537,396	—
Accrued leave liabilities				1,407,533	152,315	—	1,559,848	204,703
Deposits refundable				136,425	—	3,268	133,157	—
Other				1,817,516	—	18,869	1,798,647	—
Total other long-term liabilities				41,257,269	675,489	4,903,710	37,029,048	204,703
Total				\$ 62,032,018	826,877	6,040,562	56,818,333	1,740,747
Due within one year							(1,740,747)	
Total long-term liabilities							\$ 55,077,586	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				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	\$ 1,120,000	—	145,000	975,000	150,000
Series 2006 – A	12,000,000	3.50%–4.25%	2031	9,795,000	—	9,795,000	—	—
Series 2007	48,165,000	5.00%	2034	48,740,571	—	48,740,571	—	—
Series 2010-A-1	31,325,000	3.00%–5.00%	2034	27,009,805	—	1,819,989	25,189,816	(14,181)
Other Borrowings	1,900,000	5.00%	2034	1,095,000	—	1,095,000	—	—
Campus Revenue Bond – 2015A	57,595,000	2.00%–5.00%	2045	—	58,787,216	—	58,787,216	123,549
Campus Revenue Bond – 2015B	13,065,000	0.69%–2.56%	2021	—	13,065,000	—	13,065,000	2,590,000
Total bonded debt				<u>87,760,376</u>	<u>71,852,216</u>	<u>61,595,560</u>	<u>98,017,032</u>	<u>2,849,368</u>
Other long-term liabilities and notes payable:								
Pension liability				113,433,632	1,566,019	14,612,031	100,387,620	—
Accrued leave liabilities				5,322,123	33,236	—	5,355,359	385,586
Deposits refundable				24,207	2,203	—	26,410	—
Federal Portion – Perkins Loan Program				1,683,435	76,669	—	1,760,104	—
Capital leases and other				—	1,126,518	54,885	1,071,633	92,474
Notes payable				707,113	—	92,220	614,893	95,007
Total other long-term liabilities and notes payable				<u>121,170,510</u>	<u>2,804,645</u>	<u>14,759,136</u>	<u>109,216,019</u>	<u>573,067</u>
Total				<u>\$ 208,930,886</u>	<u>74,656,861</u>	<u>76,354,696</u>	<u>207,233,051</u>	<u>3,422,435</u>
Due within one year							<u>(3,422,435)</u>	
Total long-term liabilities							<u>\$ 203,810,616</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded debt:								
Dormitory Bonds	\$ 2,250,000	3.00%	2021	\$ 610,000	—	80,000	530,000	80,000
Student Apartments	2,038,000	3.00%	2022	640,000	—	70,000	570,000	75,000
EBC – Revenue Bonds	31,865,000	3.75%–5.25%	2018	6,025,000	—	1,385,000	4,640,000	1,465,000
EBC – Revenue Bonds	17,000,000	2.00%–5.00%	2029	595,000	—	595,000	—	—
EBC – Revenue Bonds	28,790,000	2.00%–5.00%	2030	1,625,000	—	1,625,000	—	—
EBC – Revenue Bonds	58,965,000	4.00%–5.00%	2036	3,585,000	—	1,750,000	1,835,000	1,835,000
EBC – Revenue Bonds	6,110,000	4.50%–4.75%	2028	4,825,000	—	255,000	4,570,000	265,000
EBC – Revenue Bonds	29,615,000	3.00%–5.25%	2029	27,820,000	—	630,000	27,190,000	650,000
EBC – Revenue Bonds	17,105,000	3.00%–5.25%	2024	11,910,000	—	—	11,910,000	—
EBC – Revenue Bonds	54,370,000	2.00%–5.00%	2042	50,555,000	—	1,970,000	48,585,000	2,040,000
EBC – Revenue Bonds	60,470,000	2.00%–5.00%	2044	60,470,000	—	490,000	59,980,000	505,000
EBC – Revenue Bonds	89,810,000	2.00%–5.00%	2044	89,810,000	—	—	89,810,000	2,230,000
EBC – Revenue Bonds	23,435,000	0.29%–5.00%	2044	23,435,000	—	875,000	22,560,000	580,000
EBC – Revenue Bonds	56,010,000	2.00%–5.00%	2045	—	56,010,000	—	56,010,000	—
Total bonded debt				<u>281,905,000</u>	<u>56,010,000</u>	<u>9,725,000</u>	<u>328,190,000</u>	<u>9,725,000</u>
Other long-term liabilities:								
Pension liability				426,749,039	5,891,523	54,971,970	377,668,592	—
Accrued leave liabilities				24,105,527	1,125,647	—	25,231,174	1,905,475
Deposits refundable				30,305	1,330	—	31,635	—
Other				13,837,235	70,309	—	13,907,544	—
Total other long-term liabilities				<u>464,722,106</u>	<u>7,088,809</u>	<u>54,971,970</u>	<u>416,838,945</u>	<u>1,905,475</u>
Total				<u>\$ 746,627,106</u>	<u>63,098,809</u>	<u>64,696,970</u>	<u>745,028,945</u>	<u>11,630,475</u>
Due within one year							<u>(11,630,475)</u>	
Total long-term liabilities							<u>\$ 733,398,470</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital leases:								
Various equipment				\$ 656,889	—	139,054	517,835	142,919
Other long-term liabilities:								
Pension liability				30,608,204	422,564	3,942,817	27,087,951	—
Accrued leave liabilities				1,182,846	42,633	—	1,225,479	49,019
Other				1,184,812	—	70,142	1,114,670	—
Total other long-term liabilities				<u>32,975,862</u>	<u>465,197</u>	<u>4,012,959</u>	<u>29,428,100</u>	<u>49,019</u>
Total				<u>\$ 33,632,751</u>	<u>465,197</u>	<u>4,152,013</u>	<u>29,945,935</u>	<u>191,938</u>
Due within one year							(191,938)	
Total long-term liabilities							\$ <u>29,753,997</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded debt:								
EBC – 2007	\$ 19,015,000	4.00%	2037	\$ 17,810,000	—	290,000	17,520,000	335,000
Total bonded debt				17,810,000	—	290,000	17,520,000	335,000
Other long-term liabilities:								
Pension liability				35,165,332	485,478	4,529,846	31,120,964	—
Accrued leave liabilities				1,554,476	43,074	—	1,597,550	267,096
Deposits refundable				30,258	2,665	1,272	31,651	—
Total other long-term liabilities				36,750,066	531,217	4,531,118	32,750,165	267,096
Total				\$ 54,560,066	531,217	4,821,118	50,270,165	602,096
Due within one year							(602,096)	
Total long-term liabilities							\$ 49,668,069	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded debt:								
EBC – 2005	\$ 10,965,000	3.00%–4.38%	2028	\$ 7,415,000	—	400,000	7,015,000	420,000
EBC – 2006A	17,985,000	4.00%–5.00%	2026	11,075,000	—	1,215,000	9,860,000	1,275,000
EBC – 2006B-1	17,290,000	3.50%–5.00%	2027	11,495,000	—	995,000	10,500,000	1,030,000
EBC – 2008A	29,785,000	3.25%–5.00%	2034	26,030,000	—	825,000	25,205,000	855,000
EBC – 2009A	19,870,000	2.13%–4.50%	2030	16,915,000	—	790,000	16,125,000	815,000
EBC – 2009B	24,165,000	3.00%–5.00%	2021	15,655,000	—	1,915,000	13,740,000	2,010,000
EBC – 2009C	14,770,000	2.50%–4.75%	2035	13,210,000	—	415,000	12,795,000	430,000
EBC – 2011	27,995,000	2.00%–5.00%	2032	29,030,450	347,927	729,088	28,649,289	818,366
EBC – Series 2015A	15,660,000	2.00%–4.00%	2040	—	15,660,000	—	15,660,000	100,000
EBC – Series 2015B	10,125,000	0.50%–3.75%	2030	—	10,125,000	—	10,125,000	555,000
Total bonded debt				<u>130,825,450</u>	<u>26,132,927</u>	<u>7,284,088</u>	<u>149,674,289</u>	<u>8,308,366</u>
Capital leases:								
Buildings				—	15,005,536	454,930	14,550,606	908,751
Assets under construction				<u>13,403,451</u>	<u>40,214,740</u>	<u>15,371,345</u>	<u>38,246,846</u>	<u>441,924</u>
Total capital leases				<u>13,403,451</u>	<u>55,220,276</u>	<u>15,826,275</u>	<u>52,797,452</u>	<u>1,350,675</u>
Other long-term liabilities and notes payable:								
Pension liability				253,602,291	3,501,129	32,667,946	224,435,474	—
Accrued leave liabilities				14,759,207	1,145,987	—	15,905,194	1,692,000
Deposits refundable				95,972	4,250	—	100,222	—
Notes payable				99,985	—	99,985	—	—
Other				<u>9,233,300</u>	<u>171,900</u>	<u>—</u>	<u>9,405,200</u>	<u>—</u>
Total other long-term liabilities and notes payable				<u>277,790,755</u>	<u>4,823,266</u>	<u>32,767,931</u>	<u>249,846,090</u>	<u>1,692,000</u>
Total				<u>\$ 422,019,656</u>	<u>86,176,469</u>	<u>55,878,294</u>	<u>452,317,831</u>	<u>11,351,041</u>
Due within one year							(11,351,041)	
Total long-term liabilities							\$ <u>440,966,790</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi								
Bonded debt:								
The Village	\$ 18,725,000	3.63%–5.00%	2032	\$ 16,975,000	—	16,580,000	395,000	395,000
EBC Refunding	24,855,000	3.63%–5.00%	2027	19,235,000	—	17,470,000	1,765,000	1,765,000
Athletic Improvements	27,190,000	4.00%–5.00%	2034	25,120,000	—	24,005,000	1,115,000	535,000
Dormitory Construction	49,900,000	2.75%–5.38%	2037	49,900,000	—	115,000	49,785,000	225,000
SMEBC Series 2013	51,875,000	2.75%–5.38%	2044	55,794,678	4,289,586	776,600	59,307,664	1,852,237
SMEBC Series 2015A	38,600,000	2.00%–5.00%	2034	—	38,600,000	—	38,600,000	255,000
SMEBC Series 2015B	16,690,000	0.50%–3.25%	2027	—	16,690,000	—	16,690,000	375,000
Total bonded debt				<u>167,024,678</u>	<u>59,579,586</u>	<u>58,946,600</u>	<u>167,657,664</u>	<u>5,402,237</u>
Certificates of Participation								
Parking Garage, Series 2009	15,520,000	2.00%–5.13%	2040	14,560,000	—	305,000	14,255,000	315,000
Capital leases:								
Various equipment				2,140,990	—	518,185	1,622,805	507,480
Other long-term liabilities and notes payable:								
Pension liability				184,669,016	2,549,465	23,788,266	163,430,215	—
Accrued leave liabilities				9,990,189	205,734	132,588	10,063,335	1,180,000
Deposits refundable				32,743	10,400	9,920	33,223	—
Notes payable				1,787,632	—	454,203	1,333,429	534,008
Other				26,735,912	—	34,845	26,701,067	—
Total other long-term liabilities and notes payable				<u>223,215,492</u>	<u>2,765,599</u>	<u>24,419,822</u>	<u>201,561,269</u>	<u>1,714,008</u>
Total				<u>\$ 406,941,160</u>	<u>62,345,185</u>	<u>84,189,607</u>	<u>385,096,738</u>	<u>7,938,725</u>
Due within one year							<u>(7,938,725)</u>	
Total long-term liabilities							<u>\$ 377,158,013</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				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 2009	105,605,000	2.00%–5.00%	2034	89,363,094	—	4,814,405	84,548,689	5,004,405
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	3,424,499	—	519,083	2,905,416	534,083
Series 2012A	51,860,000	4.00%–5.00%	2041	51,771,595	—	44,202	51,727,393	44,202
Series 2012B	53,390,000	4.07%–4.82%	2038	54,671,871	—	—	54,671,871	—
Total bonded debt				<u>267,771,059</u>	<u>—</u>	<u>5,377,690</u>	<u>262,393,369</u>	<u>5,582,690</u>
Other long-term liabilities:								
Pension liability				928,186,080	12,814,159	119,564,926	821,435,313	—
Accrued leave liabilities				51,948,891	7,514,760	4,415,828	55,047,823	4,277,538
Other				37,763,769	831,610	551,394	38,043,985	4,827,000
Total other long-term liabilities				<u>1,017,898,740</u>	<u>21,160,529</u>	<u>124,532,148</u>	<u>914,527,121</u>	<u>9,104,538</u>
Total				<u>\$ 1,285,669,799</u>	<u>21,160,529</u>	<u>129,909,838</u>	<u>1,176,920,490</u>	<u>14,687,228</u>
Due within one year							<u>(14,687,228)</u>	
Total long-term liabilities							<u>\$ 1,162,233,262</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:								
Other long-term liabilities:								
Pension liability				\$ 14,783,193	204,091	1,904,307	13,082,977	—
Accrued leave liabilities				795,429	22,723	—	818,152	58,328
Other				38,406,103	4,659,270	2,417,000	40,648,373	10,206,293
Total				\$ 53,984,725	4,886,084	4,321,307	54,549,502	10,264,621
Due within one year							(10,264,621)	
Total long-term liabilities							\$ 44,284,881	
MCVS:								
Other long-term liabilities:								
Pension liability				\$ 1,234,182	17,039	158,982	1,092,239	—
Accrued leave liabilities				69,517	—	9,958	59,559	6,095
Total				\$ 1,303,699	17,039	168,940	1,151,798	6,095
Due within one year							(6,095)	
Total long-term liabilities							\$ 1,145,703	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Description and purpose	Original issue	Annual interest rate	Maturity (fiscal year)	Year ended June 30, 2015				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning – Combined:								
Total bonded debt				\$ 1,002,490,180	213,651,572	144,118,938	1,072,022,814	33,299,505
Total capital leases				33,441,079	55,371,664	17,120,366	71,692,377	3,017,118
Other long-term liabilities and notes payable:								
Pension liability				2,090,461,121	28,860,054	269,284,175	1,850,037,000	—
Accrued leave liabilities				115,768,242	11,819,689	6,144,072	121,443,859	10,968,937
Deposits refundable				945,538	27,150	14,460	958,228	—
Notes payable				17,154,730	—	951,408	16,203,322	944,015
Other				130,662,082	6,936,276	3,147,135	134,451,223	15,125,767
Total other long-term liabilities and notes payable				<u>2,354,991,713</u>	<u>47,643,169</u>	<u>279,541,250</u>	<u>2,123,093,632</u>	<u>27,038,719</u>
Total				<u>\$ 3,390,922,972</u>	<u>316,666,405</u>	<u>440,780,554</u>	<u>3,266,808,823</u>	<u>63,355,342</u>
Due within one year							<u>(63,355,342)</u>	
Total noncurrent liabilities							<u>\$ 3,203,453,481</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

The annual debt service requirements for the outstanding debt as of June 30, 2016 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:					
2017	\$ 1,300,860	—	—	1,749,592	3,050,452
2018	720,000	—	—	1,858,700	2,578,700
2019	815,000	—	—	1,820,325	2,635,325
2020	915,000	—	—	1,781,650	2,696,650
2021	1,130,000	—	—	1,740,750	2,870,750
2022–2026	7,255,000	—	—	7,926,300	15,181,300
2027–2031	10,115,000	—	—	5,836,625	15,951,625
2032–2036	12,845,000	—	—	3,353,750	16,198,750
2037–2041	16,409,677	—	—	856,025	17,265,702
Totals	\$ 51,505,537	—	—	26,923,717	78,429,254

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Delta State University:					
2017	\$ 535,000	710,233	—	785,649	2,030,882
2018	555,000	744,035	—	739,531	2,038,566
2019	580,000	467,994	—	690,750	1,738,744
2020	155,000	455,000	—	658,663	1,268,663
2021	160,000	470,000	—	634,162	1,264,162
2022–2026	530,000	2,670,000	—	2,763,195	5,963,195
2027–2031	—	3,325,000	—	2,072,840	5,397,840
2032–2036	—	4,190,000	—	1,206,404	5,396,404
2037–2041	—	3,033,546	—	208,166	3,241,712
Totals	\$ 2,515,000	16,065,808	—	9,759,360	28,340,168

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Jackson State University:					
2017	\$ 2,929,367	96,739	97,879	4,448,074	7,572,059
2018	3,348,915	101,200	100,837	4,378,276	7,929,228
2019	3,433,915	105,867	103,885	4,284,975	7,928,642
2020	3,533,915	110,750	107,025	4,175,960	7,927,650
2021	3,663,915	115,858	110,260	4,036,774	7,926,807
2022–2026	21,364,575	449,227	—	17,035,454	38,849,256
2027–2031	27,654,575	—	—	10,707,950	38,362,525
2032–2036	22,097,542	—	—	3,219,000	25,316,542
2037–2041	3,626,880	—	—	710,000	4,336,880
2042–2046	3,159,518	—	—	208,000	3,367,518
Totals	\$ 94,813,117	979,641	519,886	53,204,463	149,517,107

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

<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:					
2017	\$ 11,385,000	—	—	14,010,324	25,395,324
2018	9,775,000	—	—	13,678,756	23,453,756
2019	10,195,000	—	—	13,330,186	23,525,186
2020	10,565,000	—	—	12,956,199	23,521,199
2021	10,995,000	—	—	12,528,384	23,523,384
2022–2026	57,305,000	—	—	54,930,631	112,235,631
2027–2031	54,540,000	—	—	41,993,384	96,533,384
2032–2036	59,705,000	—	—	29,052,899	88,757,899
2037–2041	58,500,000	—	—	14,947,655	73,447,655
2042–2046	35,500,000	—	—	2,626,307	38,126,307
Totals	\$ <u>318,465,000</u>	<u>—</u>	<u>—</u>	<u>210,054,725</u>	<u>528,519,725</u>

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi University for Women:					
2017	\$ —	146,891	—	9,341	156,232
2018	—	150,973	—	5,259	156,232
2019	—	77,052	—	1,063	78,115
Totals	\$ <u>—</u>	<u>374,916</u>	<u>—</u>	<u>15,663</u>	<u>390,579</u>

<u>University – fiscal year</u>	<u>Bonded debt</u>	<u>Capital leases</u>	<u>Notes payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi Valley State University:					
2017	\$ 375,000	78,690	—	992,836	1,446,526
2018	255,000	79,466	—	857,060	1,191,526
2019	585,000	81,264	—	1,176,762	1,843,026
2020	625,000	83,102	—	1,199,623	1,907,725
2021	675,000	84,982	—	1,231,642	1,991,624
2022–2026	3,325,000	—	—	5,821,055	9,146,055
2027–2031	4,570,000	—	—	6,519,387	11,089,387
2032–2036	6,525,000	—	—	7,566,088	14,091,088
2037–2041	1,595,000	—	—	1,654,813	3,249,813
Totals	\$ <u>18,530,000</u>	<u>407,504</u>	<u>—</u>	<u>27,019,266</u>	<u>45,956,770</u>

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<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:					
2017	\$ 10,546,322	3,207,972	840,191	9,929,284	24,523,769
2018	10,421,322	3,280,544	865,671	9,597,320	24,164,857
2019	10,802,744	3,355,399	888,360	9,172,735	24,219,238
2020	10,208,218	3,432,607	911,643	8,749,645	23,302,113
2021	10,663,218	3,635,524	935,537	8,277,460	23,511,739
2022–2026	46,621,854	25,515,286	5,058,598	33,809,946	111,005,684
2027–2031	46,427,051	21,029,757	—	19,525,116	86,981,924
2032–2036	27,091,717	22,370,139	—	7,850,517	57,312,373
2037–2041	12,007,094	—	—	3,103,225	15,110,319
2042–2046	8,489,929	—	—	1,064,250	9,554,179
Totals	\$ 193,279,469	85,827,228	9,500,000	111,079,498	399,686,195

<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 Southern Mississippi:					
2017	\$ 6,224,911	510,107	627,981	7,259,641	14,622,640
2018	4,440,000	512,752	171,440	7,040,214	12,164,406
2019	4,765,000	92,467	—	6,933,915	11,791,382
2020	5,135,000	—	—	6,801,509	11,936,509
2021	5,465,000	—	—	6,673,651	12,138,651
2022–2026	27,085,000	—	—	30,189,101	57,274,101
2027–2031	37,920,000	—	—	23,231,851	61,151,851
2032–2036	43,765,000	—	—	13,288,050	57,053,050
2037–2041	22,750,000	—	—	5,105,638	27,855,638
2042–2046	28,018,158	—	—	663,250	28,681,408
Totals	\$ 185,568,069	1,115,326	799,421	107,186,820	294,669,636

<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:					
Medical Center:					
2017	5,807,690	—	—	12,639,163	18,446,853
2018	6,092,690	—	—	12,352,975	18,445,665
2019	6,372,690	—	—	12,071,138	18,443,828
2020	6,672,690	—	—	11,769,750	18,442,440
2021	6,983,607	—	—	11,460,646	18,444,253
2022–2026	38,808,036	—	—	51,694,631	90,502,667
2027–2031	47,088,036	—	—	41,072,983	88,161,019
2032–2036	60,659,226	—	—	27,532,961	88,192,187
2037–2041	78,326,013	—	—	10,823,689	89,149,702
Totals	\$ 256,810,678	—	—	191,417,936	448,228,614

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<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:					
2017	\$ 39,104,150	4,750,632	1,566,051	51,823,904	97,244,737
2018	35,607,927	4,868,970	1,137,948	50,508,091	92,122,936
2019	37,549,349	4,180,043	992,245	49,481,849	92,203,486
2020	37,809,823	4,081,459	1,018,668	48,092,999	91,002,949
2021	39,735,740	4,306,364	1,045,797	46,583,469	91,671,370
2022–2026	202,294,465	28,634,513	5,058,598	204,170,313	440,157,889
2027–2031	228,314,662	24,354,757	—	150,960,136	403,629,555
2032–2036	232,688,485	26,560,139	—	93,069,669	352,318,293
2037–2041	193,214,664	3,033,546	—	37,409,211	233,657,421
2042–2046	75,167,605	—	—	4,561,807	79,729,412
Totals	<u>\$ 1,121,486,870</u>	<u>104,770,423</u>	<u>10,819,307</u>	<u>736,661,448</u>	<u>1,973,738,048</u>

(a) *Alcorn State University*

In March of 2016, the University issued bonds totaling \$43,630,000 (Series 2016 A) to advance refunding and defeasing for interest rate savings of the outstanding ASU EBC, Series 2009A and to pay the related costs of the issuance, sale and delivery of the Series 2016 Bonds. The bonds bear interest at rates ranging from 2.00% to 5.00% with final maturity in September 2039. The advance refunding of the ASU EBC, Series 2009A bond will result in a difference in cash flow between the new debt and old debt of approximately \$5,600,000 and resulted in an economic gain of approximately \$4,000,000. The University paid approximately \$500,000 in fees and reported the difference between the reacquisition price and the net carrying amount of the old debt as a deferred outflow of resources, which will be recognized as a component of interest expense over the remaining life of the new debt.

(b) *Mississippi Valley State University*

On September 30, 2015, the University finalized Education Building Corporation Bond Series 2015 for \$17,270,000 to retire \$15,925,000 in callable Education Building Corporation Bond Series 2007. On May 19, 2016, the University also finalized the Series 2016A Master Lease Purchase Agreement.

(c) *University of Mississippi*

In November 2015, the University issued bonds totaling \$31,630,000 (Series 2015C) and \$17,660,000 (Series 2015D) for the construction, equipping and landscaping of an additional student residential housing facilities and for expansion and related infrastructure improvements to Vaught-Hemingway Stadium, respectively. These issues included premiums of \$2,076,400, and \$2,076,399, respectively. In May 2016, the University issued bonds totaling \$33,245,000 (Series 2016A) to refund and advance refund the Series 2005A, Series 2006A and Series 2008A bonds, and included a premium of \$728,347. Outstanding coupons of the Series 2015C bear interest at rates ranging from 2.00% to 5.00% payable semiannually with final maturity in November 2046. Outstanding coupons of the Series 2015D bear interest at rates ranging from 0.69% to 4.452% payable semiannually with final maturity in November 2036. Outstanding coupons of the Series 2016A bear interest at rates ranging from 2.00% to 5.00% payable semiannually with final maturity in October 2034. The refunding and advance refunding of the Series 2005A, Series 2006A and Series 2008A bonds will result in a difference in

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cash flow between the new debt and old debt of approximately \$5,700,000 and resulted in an economic gain of approximately \$2,200,000. The University paid approximately \$200,000 in fees and reported the difference between the reacquisition price and the net carrying amount of the old debt as a deferred inflow of resources, which will be recognized as a component of interest expense over the remaining life of the old debt.

(d) *University of Southern Mississippi*

In February of 2016, the University issued bonds totaling \$58,870,000 (Series 2016) for refunding portions of SMEBC bonds issued in February 2009 (Series 2009) and all of the Certificates of Participation issued through the University of Southern Mississippi Real Estate Foundation in November 2009 (Series 2009). Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in September 2039. The refunding of the SMEBC bonds and the Certificates of Participation will result in a difference in cash flow between the new debt and old debt of approximately \$9,800,000 and resulted in an economic gain of approximately \$5,600,000. The University paid approximately \$300,000 in fees and reported the difference between the reacquisition price and the net carrying amount of the old debt as a deferred outflow of resources, which will be recognized as a component of interest expense over the remaining life of the old debt.

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(10) Natural Classifications with Functional Classifications

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

Functional classification	2016									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 455,167,283	161,139,275	11,197,362	43,000,448	189,578	3,949,040	16,494,578	—	2,036,294	693,173,858
Research	168,277,896	64,863,693	9,184,678	57,247,377	2,935,871	1,605,999	21,193,867	—	728,027	326,037,408
Public service	86,291,312	32,453,980	7,008,556	30,189,901	868,325	375,728	7,695,762	—	27,164	164,910,728
Academic support	80,256,012	27,399,105	3,171,993	25,980,462	479,745	339,289	13,933,283	—	474,957	152,034,846
Student services	46,563,005	16,180,069	4,562,994	11,657,884	167,905	169,254	6,184,133	—	98,855	85,584,099
Institutional support	140,990,665	49,272,566	2,783,403	104,456,186	241,420	4,545,279	25,503,888	—	3,659,449	331,452,856
Operation of plant	53,324,794	22,411,790	143,034	47,771,352	43,100,144	—	7,812,685	—	2,301,870	176,865,669
Student aid	4,358,548	3,821,773	56,062	547,646	—	170,852,938	169,565	—	—	179,806,532
Auxiliary enterprises	75,475,935	23,576,908	16,238,277	82,493,794	15,904,514	20,708,055	19,537,315	5,487	67,298	254,007,583
Depreciation	—	—	—	—	—	—	—	147,044,210	—	147,044,210
Hospital	469,158,933	153,570,336	3,066,441	95,259,546	968,448	—	259,046,269	—	—	981,069,973
Loan fund expense	—	—	—	—	—	—	—	—	512,543	512,543
	<u>1,579,864,383</u>	<u>554,689,495</u>	<u>57,412,800</u>	<u>498,604,596</u>	<u>64,855,950</u>	<u>202,545,582</u>	<u>377,571,345</u>	<u>147,049,697</u>	<u>9,906,457</u>	<u>3,492,500,305</u>
Elimination entities	—	—	—	(52,699,905)	—	(27,867,856)	—	—	—	(80,567,761)
Total operating expenses	<u>\$ 1,579,864,383</u>	<u>554,689,495</u>	<u>57,412,800</u>	<u>445,904,691</u>	<u>64,855,950</u>	<u>174,677,726</u>	<u>377,571,345</u>	<u>147,049,697</u>	<u>9,906,457</u>	<u>3,411,932,544</u>

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Functional classification	2015									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 454,396,419	130,347,994	11,139,841	39,604,733	183,001	1,155,815	16,293,817	—	1,406,958	654,528,578
Research	141,269,009	47,856,569	8,886,500	57,353,221	3,099,134	689,802	25,028,823	—	275,026	284,458,084
Public service	81,154,750	25,160,088	6,671,696	29,594,040	935,114	227,956	9,883,756	—	29,400	153,656,800
Academic support	79,467,984	22,607,491	3,345,134	30,968,507	532,676	45,051	11,967,473	—	265,136	149,199,452
Student services	44,775,402	13,404,359	4,299,607	10,667,216	152,205	304,186	6,373,900	—	49,482	80,026,357
Institutional support	134,555,812	36,323,259	2,715,446	103,804,014	115,491	334,503	26,568,701	—	3,030,916	307,448,142
Operation of plant	52,317,652	17,387,120	109,723	41,554,654	48,343,133	—	8,980,349	—	378,049	169,070,680
Student aid	4,441,974	3,622,630	27,195	1,196,569	2,267,339	176,137,190	272,684	—	—	187,965,581
Auxiliary enterprises	68,917,618	18,975,847	14,990,607	85,414,778	13,573,870	17,851,689	24,379,699	4,353	823,207	244,931,668
Depreciation	—	—	—	—	—	—	—	144,505,081	—	144,505,081
Hospital	436,569,554	113,030,777	2,868,844	88,770,582	1,220,337	—	227,756,596	—	—	870,216,690
Loan fund expense	—	—	—	—	—	—	—	—	1,120,042	1,120,042
	<u>1,497,866,174</u>	<u>428,716,134</u>	<u>55,054,593</u>	<u>488,928,314</u>	<u>70,422,300</u>	<u>196,746,192</u>	<u>357,505,798</u>	<u>144,509,434</u>	<u>7,378,216</u>	<u>3,247,127,155</u>
Elimination entities	—	—	—	(52,731,303)	—	(24,083,137)	—	—	—	(76,814,440)
Total operating expenses	<u>\$ 1,497,866,174</u>	<u>428,716,134</u>	<u>55,054,593</u>	<u>436,197,011</u>	<u>70,422,300</u>	<u>172,663,055</u>	<u>357,505,798</u>	<u>144,509,434</u>	<u>7,378,216</u>	<u>3,170,312,715</u>

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(11) 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:

	<u>Amount</u>
Years ending June 30, 2016:	
2017	\$ 24,437,854
2018	22,815,785
2019	20,957,596
2020	17,930,425
2021	17,197,036
2022–2026	51,540,460
2027–2031	46,664,624
2032–2036	<u>5,850,000</u>
Total minimum payments required	<u>\$ 207,393,780</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 ended June 30, 2016 and 2015 approximated \$28.7 million and \$26.4 million, respectively.

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(12) Construction Commitments and Financing

The IHL System has contracted for various construction projects as of June 30, 2016. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Remaining estimated cost to complete	Funded by			
		Federal sources	State sources	Institutional sources	Other
Alcorn State University	\$ 12,283,259	—	12,283,259	—	—
Delta State University	1,858,722	—	1,858,722	—	—
Jackson State University	21,093,151	—	21,093,151	—	—
Mississippi State University	473,358,324	8,532,729	114,043,107	292,904,176	57,878,312
Mississippi University for Women	48,031	—	—	48,031	—
Mississippi Valley State University	16,771,940	—	16,771,940	—	—
University of Mississippi	335,267,700	3,492,600	34,393,500	255,016,700	42,364,900
University of Southern Mississippi	52,806,486	9,486,300	27,655,490	15,664,696	—
University of Mississippi Medical Center	82,861,747	9,248,627	38,152,735	25,899,287	9,561,098
Totals	\$ 996,349,360	30,760,256	266,251,904	589,532,890	109,804,310

(13) Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$50.6 million and \$57.8 million as of June 30, 2016 and 2015, respectively. These amounts are included in the accompanying statement of net position in “net position – expendable for other purposes”, and “net position – expendable for scholarships and fellowships”.

Most endowments operate on the total-return concept as permitted by the Uniform Prudent Management of Institutional Funds Act (Sections 79-11-701 through 79-11-719, MS Code, Ann. 1972) of 2006. The annual rate for spendable transfers, distributed annually, is 4% of the investment pool’s average unit value over the 36-month period.

(14) Pension and Other Employee Benefit Plans

The Public Employees’ Retirement System of Mississippi (PERS) maintains the following separately administered pension plans:

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

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The employees of the IHL System are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2015 and 2014.

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

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

A stand-alone audited financial report is issued for the Plans and can be obtained at www.pers.ms.gov.

Disclosures under GASB 68

The pension disclosures that follow for fiscal years 2016 and 2015 include all disclosures for GASB 68 using the latest valuation reports available (June 30, 2015). For fiscal year 2016, the measurement date for the PERS defined benefit plan is June 30, 2015. For fiscal year 2015, the measurement date for the PERS defined benefit plan is June 30, 2014. The IHL System is presenting net pension liability as of June 30, 2015 and 2014 for the fiscal year 2016 and 2015 financials.

(a) *PERS Defined Benefit Plan*

Plan Description

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

Membership and Benefits Provided

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

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9% of their annual pay. The IHL System's contractually required contribution rate for the years ended June 30, 2016 and 2015, was 15.75% for each year of annual payroll. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20% of a year's excess or shortfall of expected return recognized each year for five years. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0% cost-of-living increase calculated according to the terms of the respective plan. Contributions from the IHL System are recognized when legally due, based on statutory requirements.

Employer Contributions

The IHL System's proportionate share was calculated on the basis of historical contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocation on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the IHL System that are not representative of future

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contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

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

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS Defined Benefit Plan:			
2016	152,960,567	15.54%	0.30%
2015	146,685,017	15.24	0.34

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the IHL System's target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

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

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Net Pension Liability

The IHL System's proportion of the net pension liability at June 30, 2016 and 2015 is as follows (dollars in thousands):

<u>Plan</u>	<u>IHL Sytem's proportion of net pension liability</u>	<u>IHL System's proportionate share of net pension liability</u>
PERS:		
2016	15.54%	\$ 2,402,927
2015	15.24	1,850,037

Discount Rate

For the years ended June 30, 2016 and 2015, the discount rate used to measure the total pension liability was 7.75% and 8.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%) for the years ended June 30, 2016 and 2015. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following tables presents IHL System's proportionate share of the net pension liability of the cost-sharing plan for 2016 and 2015, calculated using the discount rate of 7.75% and 8.00%, respectively, as well as what the IHL System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75% and 7.00%) or 1-percentage-point higher (8.75% and 9.00%) than the current rate (amounts in thousands):

	<u>1% Decrease (6.75%)</u>	<u>Current discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
IHL System proportionate share of net pension liability:			
2016	\$ 3,167,359	2,402,927	1,768,704

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	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
IHL System proportionate share of net pension liability: 2015	\$ 2,522,152	1,850,037	\$ 1,289,393

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2014, and the next experience study is scheduled to be conducted after the June 30, 2016 annual valuation is complete.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2016 and 2015:

	2016	2015
Valuation date	June 30, 2015	June 30, 2014
Asset valuation method	Market value	Market Value
Actuarial assumptions:		
Inflation rate	3.00%	3.50%
Salary increases	3.75	4.25
Investment rate of return	7.75	8.00

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

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

For the years ended June 30, 2016 and 2015, the IHL System's proportionate share of pension expense was \$159.2 million and \$153.0 million, respectively, related to the PERS defined benefit plan.

Deferred outflows of resources were related to differences between expected and actual experience and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

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See the following table for deferred outflows and inflows of resources for the IHL System:

	2016						
	Deferred outflows				Deferred inflows		
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investments	Total deferred inflows of resources
Alcorn State University							
Delta State University	984,132	3,633,785	123,279	2,629,908	7,371,104	1,565,206	1,565,206
Jackson State University	3,016,716	11,275,389	(692,177)	8,653,220	22,253,148	2,778,380	2,778,380
Mississippi State University	11,276,490	42,006,774	6,830,389	32,082,720	92,196,373	12,528,421	12,528,421
Mississippi University for Women	816,880	3,058,149	1,006,883	2,316,938	7,198,850	867,858	867,858
Mississippi Valley State University	891,877	3,252,479	129,325	2,491,943	6,765,624	2,438,277	2,438,277
University of Mississippi	6,666,773	24,799,241	4,505,096	18,587,600	54,558,710	7,556,549	7,556,549
University of Southern Mississippi	4,783,208	17,637,499	1,017,858	13,009,957	36,448,522	8,353,503	8,353,503
University of Mississippi Medical Center	24,941,765	93,689,698	43,580,232	71,818,771	234,030,466	25,670,867	25,670,867
IHL Board Office	386,042	1,429,464	(175,220)	959,854	2,600,140	432,409	432,409
M CVS	29,902	106,055	(106,393)	88,482	118,046	107,454	107,454
Total	\$ 55,453,894	207,007,948	57,426,809	157,218,362	477,107,013	65,419,255	65,419,255

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	2015					
	Deferred outflows			Deferred inflows		
	Differences between expected and actual experience	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investments	Total deferred inflows of resources
Alcorn State University	\$ 885,413	1,421,615	4,487,694	6,794,722	8,227,528	8,227,528
Delta State University	523,174	123,279	2,664,943	3,311,396	4,861,492	4,861,492
Jackson State University	1,566,019	(3,338,023)	8,271,356	6,499,352	14,551,925	14,551,925
Mississippi State University	5,891,523	3,926,582	30,812,946	40,631,051	54,745,846	54,745,846
Mississippi University for Women	422,564	557,033	2,243,470	3,223,067	3,926,598	3,926,598
Mississippi Valley State University	485,478	129,325	2,384,644	2,999,447	4,511,213	4,511,213
University of Mississippi	3,501,129	4,957,239	18,189,943	26,648,311	32,533,568	32,533,568
University of Southern Mississippi	2,549,465	1,017,859	12,934,612	16,501,936	23,690,414	23,690,414
University of Mississippi Medical Center	12,814,159	26,078,336	68,736,092	107,628,587	119,073,103	119,073,103
IHL Board Office	204,091	(175,220)	1,048,459	1,077,330	1,896,474	1,896,474
MCVS	17,039	(106,393)	78,708	(10,646)	158,328	158,328
Total	\$ 28,860,054	34,591,632	151,852,867	215,304,553	268,176,489	268,176,489

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Contributions subsequent to the measurement date of \$157.2 million and \$151.9 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the years ended June 30, 2016 and 2015, respectively.

Other amounts reported as net deferred outflows of resources and net deferred inflows of resources related to pensions as of June 30, 2016, will be recognized in pension expense as follows:

	Deferred outflow of resources year ended June 30				
	2017	2018	2019	2020	Total
Alcorn State University	\$ 2,415,877	2,415,877	2,415,877	1,739,430	8,987,061
Delta State University	1,274,515	1,274,515	1,274,515	917,651	4,741,196
Jackson State University	3,655,895	3,655,895	3,655,895	2,632,243	13,599,928
Mississippi State University	16,159,584	16,159,584	16,159,584	11,634,901	60,113,653
Mississippi University for Women	1,312,342	1,312,342	1,312,342	944,886	4,881,912
Mississippi Valley State University	1,148,839	1,148,839	1,148,839	827,164	4,273,681
University of Mississippi	9,669,653	9,669,653	9,669,653	6,962,151	35,971,110
University of Southern Mississippi	6,300,690	6,300,690	6,300,690	4,536,495	23,438,565
University of Mississippi Medical Center	43,605,294	43,605,294	43,605,294	31,395,813	162,211,695
IHL Board Office	440,937	440,937	440,937	317,475	1,640,286
M CVS	7,947	7,947	7,947	5,723	29,564
Total	\$ 85,991,573	85,991,573	85,991,573	61,913,932	319,888,651

	Deferred inflows of resources year ended June 30					
	2017	2018	2019	2020	2021	Total
Alcorn State University	\$ 624,066	624,066	624,066	624,066	624,067	3,120,331
Delta State University	313,041	313,041	313,041	313,041	313,042	1,565,206
Jackson State University	555,676	555,676	555,676	555,676	555,676	2,778,380
Mississippi State University	2,505,684	2,505,684	2,505,684	2,505,684	2,505,685	12,528,421
Mississippi University for Women	173,572	173,572	173,572	173,572	173,570	867,858
Mississippi Valley State University	487,655	487,655	487,655	487,655	487,657	2,438,277
University of Mississippi	1,511,310	1,511,310	1,511,310	1,511,310	1,511,309	7,556,549
University of Southern Mississippi	1,670,701	1,670,701	1,670,701	1,670,701	1,670,699	8,353,503
University of Mississippi Medical Center	5,134,173	5,134,173	5,134,173	5,134,173	5,134,175	25,670,867
IHL Board Office	86,482	86,482	86,482	86,482	86,481	432,409
M CVS	21,491	21,491	21,491	21,491	21,490	107,454
Total	\$ 13,083,851	13,083,851	13,083,851	13,083,851	13,083,851	65,419,255

(b) ORP Defined Contribution Plan

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning faculty. The membership of the ORP is composed of teachers and administrators of the IHL System appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for IHL System employees and in the event of death, provides funds for their beneficiaries,

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through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and IHL system are identical to that of the PERS defined contribution plan.

The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The IHL System's contributions to the ORP for the years ended June 30, 2016 and 2015 were \$58.2 million and \$53.2 million, respectively, which equaled its required contribution for the period.

(15) 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 \$21.6 million and \$22.7 million at June 30, 2016 and 2015, respectively, are included in the statements of net position.

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, 2016 and 2015 were approximately \$386,000 and \$393,000, 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, 2016, 2015 and 2014 (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Accrued claims at beginning of year	\$ 22,600	23,841	22,497
Incurred claims:			
Provision for insured events of the current year	8,872	9,435	8,377
Decrease in provision for insured events of prior years	<u>(3,523)</u>	<u>(4,475)</u>	<u>(481)</u>
Total incurred claims and claims adjustment expenses	<u>5,349</u>	<u>4,960</u>	<u>7,896</u>
Claim payments:			
Claims attributable to insured events of the current year	1,876	1,865	1,356
Claims attributable to insured events of prior years	<u>4,606</u>	<u>4,336</u>	<u>5,196</u>
Total payments	<u>6,482</u>	<u>6,201</u>	<u>6,552</u>
Total accrued claims at end of year	\$ <u><u>21,467</u></u>	<u><u>22,600</u></u>	<u><u>23,841</u></u>

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$2.5 million and \$2.7 million as of June 30, 2016 and 2015, respectively.

(16) 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 related to this activity approximated \$4.6 million and \$3.8 million at June 30, 2016 and \$3.1 million at June 30, 2015 and is included in the statements of net position.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2016 and 2015. The actuarial firm recommended a minimum funding level of \$3.6 million and \$3.5 million as of June 30, 2016 and 2015, respectively. They concluded that the actual assets of the Unemployment Fund, which equaled \$4.6 million and \$3.1 million at June 30, 2016 and 2015, respectively, exceeded the recommended minimum fund balance in the current year.

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(17) 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 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, 2016 and 2015. Total assets and liabilities related to this activity approximated \$16.3 million and \$12.2 million at June 30, 2016, respectively, and \$15.2 million and \$13.0 million at June 30, 2015, respectively and is included in the statements of net position.

The following represents changes in the unpaid claims liabilities for the IHL System's portion of the IHL Tort Fund during the years ended June 30, 2016, 2015 and 2014 (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Accrued claims at beginning of year	\$ 12,961	12,612	12,261
Incurred claims:			
Provision for insured events of the current year	5,348	4,119	3,491
Decrease in provision for insured events of prior years	<u>(4,193)</u>	<u>(1,296)</u>	<u>(135)</u>
Total incurred claims and claims adjustment expense	<u>1,155</u>	<u>2,823</u>	<u>3,356</u>
Claims paid:			
Claims attributable to insured events of the current year	178	159	124
Claims attributable to insured events of prior years	<u>1,782</u>	<u>2,315</u>	<u>2,881</u>
Total payments	<u>1,960</u>	<u>2,474</u>	<u>3,005</u>
Total accrued claims at end of year	<u>\$ 12,156</u>	<u>12,961</u>	<u>12,612</u>

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$1.2 million and \$1.5 million as of June 30, 2016 and 2015, respectively.

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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.

(18) 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 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 \$41.0 million and \$32.2 million at June 30, 2016, respectively and \$40.0 million at June 30, 2015 and are included in the statements of net position.

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, 2016, 2015, and 2014 (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Accrued claims at beginning of year	\$ 32,417	31,980	32,464
Incurred claims:			
Provision for insured events of the current year	6,684	7,146	8,210
Decrease in provision for insured events of prior years	<u>(2,693)</u>	<u>(1,613)</u>	<u>(4,346)</u>
Total incurred claims	<u>3,991</u>	<u>5,533</u>	<u>3,864</u>
Payments:			
Claims attributable to insured events of the current year	938	1,797	504
Claims attributable to insured events of prior years	<u>3,693</u>	<u>3,299</u>	<u>3,844</u>
Total payments	<u>4,631</u>	<u>5,096</u>	<u>4,348</u>
Total accrued claims at end of year	\$ <u><u>31,777</u></u>	<u><u>32,417</u></u>	<u><u>31,980</u></u>

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At June 30, 2016, unpaid claims, included in other long-term liabilities, of \$35.2 million are presented at their net present value of \$31.2 million.

(19) 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 the University, including Mississippi State University Alumni Association, Mississippi State University Alumni Foundation, Inc., and The Bulldog Club, Inc.

(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 consolidated financial statements 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 position – 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 position – net assets subject to donor-imposed stipulations that may or will be met by actions of MSUF and/or the passage of time.

Unrestricted net position – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Unrestricted net assets include contributions designated to a particular college or unit for which the use or purpose is unrestricted.

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.

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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 risks 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 increases (decreases) in permanently restricted net assets if the terms of the gift or MSUF'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 in all other cases and released from restriction when expended in accordance with donor agreements, except as described in note 9(d) of MSUF's financial statements for endowment funds whereby the fair value of the fund is less than the historical cost 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.

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) 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.

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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. The MSU Alumni Association, Inc. was added as a participant on March 2, 2015. 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, 2016 and 2015, MUSF's financial statements include \$42.4 million and \$59.4 million, respectively, for their noncontrolling share within investments and unrestricted net position related to noncontrolling interests. MSUF recorded \$1.966 million and \$438 thousands of losses associated with these investments in fiscal 2016 and 2015, respectively, which is reported in net investment income (loss).

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 position. Cash held for reinvestment consists of liquid short-term investments held by the investment pool.

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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 position 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, 2016 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 who utilize the cost, sales comparison and income capitalization approaches to estimate the fair value of the investments. MSUF considers recent comparables, among other things, to adjust for any changes in fair value between the most recent appraisal date and year-end.

(b) Pledges Receivable, Net

All unconditional promises to give are recorded at their estimated realizable value on a discounted basis using rates commensurate with the risks involved. Allowance is made for uncollectible pledges based upon management's judgment and analysis of specific accounts, past collection experience and other relevant factors.

Pledges receivable, net, are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 12,680,121	10,152,495
One year to five years	25,040,731	22,738,141
Over five years	<u>6,688,540</u>	<u>8,517,019</u>
	44,409,392	41,407,655
Less unamortized discount (rates ranging from 1% to 5%)	<u>(5,129,317)</u>	<u>(5,148,849)</u>
Total incurred claims	39,280,075	36,258,806
Less allowance for uncollectible pledges	<u>(861,657)</u>	<u>(826,511)</u>
	<u>\$ 38,418,418</u>	<u>35,432,295</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2016 and 2015

(c) Investments

Investments are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Short-term investments	\$ 12,662,623	4,677,914
Global fixed income	99,791,850	100,020,834
Global equities	147,058,787	167,987,738
Real assets	51,271,823	51,424,962
Diversifying strategies	69,854,199	76,906,108
Contributed properties held for investment	28,069,571	30,980,754
Cash surrender value of life insurance	1,864,423	1,877,510
	<u>\$ 410,573,276</u>	<u>433,875,820</u>

MSUF has entered into various split interest agreements, including charitable remainder unitrusts and charitable gift annuities, whereby MSUF serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2016 and 2015 with an approximate fair value of \$5.8 million and \$7.3 million, respectively.

The following schedule summarizes net investment income in the statement of activities for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Dividends and interest (net of expenses of \$600,464 and \$548,745, respectively)	\$ 8,495,001	10,256,776
Net realized and unrealized (losses)	<u>(22,795,076)</u>	<u>(11,965,959)</u>
	<u>\$ (14,300,075)</u>	<u>(1,709,183)</u>

(d) Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.
- 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.
- Level 3 inputs are unobservable inputs for the asset or liability.

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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.

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 statements 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.

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

Mutual and common stock funds, index 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.

Corporate bonds: Valued based on inputs corroborated by observable market data.

Other fixed income securities: Valued at either the closing price reported on the active market on which the individual securities are traded or based on inputs corroborated by observable market data.

Diversifying strategies and real estate investments: Valued at the net asset value of underlying investments as determined by the fund managers. MSUF's management also takes into consideration the audited financial information to determine overall reasonableness or the recorded value.

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 MSUF 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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June 30, 2016 and 2015

The following table summarizes MSUF's assets by major category in the fair value hierarchy as of June 30, 2016 and 2015:

	June 30, 2016			Total	Redemption or Liquidation	Days' Notice
	Level 1	Level 2	Level 3			
Recurring:						
Short-term investments	\$ 12,662,623	—	—	12,662,623	Daily	1
Global fixed income:						
Interest-rate sensitive	59,272,948	11,779,926	—	71,052,874	Daily	1
Credit sensitive	28,738,976	—	—	28,738,976	Daily	1
Total global fixed income	88,011,924	11,779,926	—	99,791,850		
Global equities:						
Domestic	50,985,254	7,941,732	—	58,926,986	Daily	1-3
Non-U.S.	66,648,843	—	—	66,648,843	Daily	1
Total equities	117,634,097	7,941,732	—	125,575,829		
Contributed properties held for investment	\$ —	—	28,069,571	28,069,571	(1)	(1)
Cash-surrender value of life insurance	—	1,864,423	—	1,864,423	(2)	(2)
	\$ 218,308,644	21,586,081	28,069,571	267,964,296		
Investments at net asset value				142,608,980		
Total investments				\$ 410,573,276		
Nonrecurring:						
Present value of amounts due from externally managed trusts	\$ —	—	46,924,276	46,924,276		

⁽¹⁾ Bulldog Forest properties totaling approximately \$19,700,000 and \$19,500,000 at June 30, 2016 and 2015, respectively, may be held in perpetuity or liquidated at the Foundation's discretion. Other properties are for immediate sale.

⁽²⁾ The Foundation currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if an insurance policy is cancelled.

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	June 30, 2015				Redemption or Liquidation	Days' Notice
	Level 1	Level 2	Level 3	Total		
Recurring:						
Short-term investments	\$ 4,677,914	—	—	4,677,914	Daily	1
Global fixed income:						
Interest-rate sensitive	59,171,161	8,206,979	—	67,378,140	Daily	1
Credit sensitive	32,642,694	—	—	32,642,694	Daily	1
Total global fixed income	91,813,855	8,206,979	—	100,020,834		
Global equities:						
Domestic	52,143,403	5,371,865	—	57,515,268	Daily	1-3
Non-U.S.	89,743,802	—	—	89,743,802	Daily	1
Total equities	141,887,205	5,371,865	—	147,259,070		
Diversifying strategies	\$ 6,140,410	—	—	6,140,410	(1)	(1)
Contributed properties held for investment	—	—	30,980,754	30,980,754	(2)	(2)
Cash-surrender value of life insurance	—	1,877,510	—	1,877,510	(3)	(3)
	\$ 244,519,384	15,456,354	30,980,754	290,956,492		
Investments at net asset value				142,919,328		
Total investments				\$ 433,875,820		
Nonrecurring:						
Present value of amounts due from externally managed trusts	\$ —	—	40,230,993	40,230,993		

⁽¹⁾ Generally, MSIP's investments in diversifying strategies (or hedge funds) allow early redemption for specified fees. With the exception of the Level 1 diversifying strategy investment, which has daily redemption, the terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 3 to 180 days notice after the initial lock up period, which may be from one to three years. At June 30, 2015 MSUF had no diversifying strategy investments for which an otherwise redeemable investment was not redeemable.

⁽²⁾ Bulldog Forest properties may be held in perpetuity or liquidated at the MSUF's discretion. Other properties are for immediate sale.

⁽³⁾ MSUF currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if an insurance policy is cancelled.

At June 30, 2016 and 2015, MSUF had no future funding commitments and \$11 million, respectively, related to investments. In addition, all of MSUF's investments can be redeemed or liquidated on a daily basis except for private equity and real estate investments which require a much longer period to liquidate.

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The following table presents MSUF's activities for the years ended June 30, 2016 and 2015 for contributed properties held for investments classified in Level 3:

	<u>2016</u>	<u>2015</u>
Beginning value as of June 30	\$ 30,980,754	31,188,074
Acquisitions	1,429,677	2,470,860
Dispositions	(5,815,100)	(1,290,064)
Net realized and unrealized gains (losses)	<u>1,474,240</u>	<u>(1,388,116)</u>
Fair value at June 30	\$ <u>28,069,571</u>	<u>30,980,754</u>

For the years ended June 30, 2016 and 2015, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

	<u>2016</u>	<u>2015</u>
Beginning value as of June 30	\$ 40,230,993	41,317,126
Contributions	7,816,516	—
Terminations	—	(951,478)
Change in valuation	<u>(1,123,233)</u>	<u>(134,655)</u>
Fair value at June 30	\$ <u>46,924,276</u>	<u>40,230,993</u>

(e) *Net Assets*

Temporarily restricted and permanently restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	<u>2016</u>		<u>2015</u>	
	<u>Net assets temporarily restricted</u>	<u>Net assets permanently restricted</u>	<u>Net assets temporarily restricted</u>	<u>Net assets permanently restricted</u>
Specified college programs	\$ 23,579,108	108,408,786	37,750,863	106,875,074
Student financial aid	36,241,617	149,636,756	34,245,694	128,995,396
Research	1,031,166	16,427,654	2,645,806	15,148,942
Faculty and staff support	5,213,478	49,882,310	8,668,713	49,330,080
Facilities	9,529,267	7,005,463	13,030,936	6,985,463
Other	<u>5,786,621</u>	<u>8,755,559</u>	<u>3,565,100</u>	<u>8,029,601</u>
	\$ <u>81,381,257</u>	<u>340,116,528</u>	<u>99,907,112</u>	<u>315,364,556</u>

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June 30, 2016 and 2015

(f) ***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. The Mississippi legislature enacted House Bill 1104 adopting UPMIFA during the 2012 legislative session. The legislation was effective July 1, 2012.

MSUF's Board of Directors has reviewed the terms of UPMIFA as enacted by the Mississippi legislature and 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, MSUF classifies as permanently restricted net position 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 position is classified in temporarily restricted net position until the amounts are appropriated for expenditures in accordance with the donor agreements.

At June 30, 2016 MSUF's endowment consists of approximately 1,400 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Directors of MSUF (the Board) to function as endowments, is classified and reported based on the existence or absence of donor-imposed restrictions.

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 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 4.0% of the investment pool's average unit value over the most recent 36-month period. In addition, each endowed fund is assessed an annual 1.5% administrative fee. This fee covers administrative costs related to the operations of the MSIP, and is a portion of the funding mechanism for the operations of MSUF.

MSUF's investment objectives are to provide an annualized real (adjusted for inflation) rate of return of 5.50% 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 MSIP, 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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June 30, 2016 and 2015

Endowment net asset composition by type of fund as of June 30, 2016:

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor-restricted endowment funds	\$ (2,568,829)	30,930,493	280,205,092	308,566,756
Board-designated endowment funds	<u>19,749,177</u>	<u>—</u>	<u>—</u>	<u>19,749,177</u>
	<u>\$ 17,180,348</u>	<u>30,930,493</u>	<u>280,205,092</u>	<u>328,315,933</u>

Changes in endowment net assets for the fiscal years ended June 30, 2016:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 21,010,988	48,813,760	257,042,208	326,866,956
Investment return:				
Investment income	827,238	3,640,584	—	4,467,822
Net appreciation (realized and unrealized)	<u>(4,046,839)</u>	<u>(15,668,374)</u>	<u>1,412,803</u>	<u>(18,302,410)</u>
Total investment return	(3,219,601)	(12,027,790)	1,412,803	(13,834,588)
Contributions	—	—	14,801,649	14,801,649
Appropriation of endowment assets for expenditure	(759,733)	(14,234,163)	—	(14,993,896)
Other changes:				
Other transfers	<u>148,694</u>	<u>8,378,686</u>	<u>6,948,432</u>	<u>15,475,812</u>
Endowment net assets, end of year	<u>\$ 17,180,348</u>	<u>30,930,493</u>	<u>280,205,092</u>	<u>328,315,933</u>

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Notes to Financial Statements

June 30, 2016 and 2015

Endowment net asset composition by type of fund as of June 30, 2015:

	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor-restricted endowment funds	\$ (563,121)	48,813,760	257,042,208	305,292,847
Board-designated endowment funds	21,574,109	—	—	21,574,109
	<u>\$ 21,010,988</u>	<u>48,813,760</u>	<u>257,042,208</u>	<u>326,866,956</u>

Changes in endowment net assets for the fiscal years ended June 30, 2015:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 21,375,410	61,010,423	249,420,706	331,806,539
Investment return:				
Investment income	906,446	3,709,982	—	4,616,428
Net appreciation (realized and unrealized)	<u>(672,143)</u>	<u>(3,554,020)</u>	17,217	<u>(4,208,946)</u>
Total investment return	234,303	155,962	17,217	407,482
Contributions	—	—	5,188,428	5,188,428
Appropriation of endowment assets for expenditure	(855,975)	(12,564,623)	—	(13,420,598)
Other changes:				
Other transfers	<u>257,250</u>	<u>211,998</u>	<u>2,415,857</u>	<u>2,885,105</u>
Endowment net assets, end of year	<u>\$ 21,010,988</u>	<u>48,813,760</u>	<u>257,042,208</u>	<u>326,866,956</u>

(g) 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 approximately \$2.6 million and \$766 thousand at June 30, 2016 and 2015, respectively.

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.

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(20) 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 (UM). 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 position 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 that represent resources granted 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 risks 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.

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

- as increases (decreases) in permanently restricted net assets if the terms of the gift or UMF'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 in all other cases and released from restriction when expended in accordance with donor agreements.

(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 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) Investments

Overall Investment Objective

The overall investment objective of UMF 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. UMF diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by UMF's Investment Committee, which oversees its investment program in accordance with an established investment policy.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, UMF 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

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Notes to Financial Statements

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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 UMF'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 position.

Basis of Reporting

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 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 position value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the UMF'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, 2016 and 2015, 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 statement of activities based on restrictions put in place by the donor.

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(b) Pledges Receivable, Net

UMF obtains pledges through fund-raising projects in support of various activities. At June 30, 2016, pledges mature at various dates through 2037 (approximately \$9.96 million is due in fiscal year 2017, \$29.8 million is due in total during the period including fiscal year 2018 through fiscal year 2022, and \$28.1 million is due thereafter). At June 30, 2015, pledges were scheduled to mature at various dates through 2036 (approximately \$11.0 million is due in fiscal year 2016, \$18.3 million is due in total during the period including fiscal year 2017 through fiscal year 2021, and \$17.9 million is due thereafter). A summary of pledges receivable as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Temporarily restricted	\$ 57,215,469	32,918,752
Permanently restricted	10,661,872	14,228,737
	<u>67,877,341</u>	<u>47,147,489</u>
Allowances for doubtful pledges	(5,247,427)	(7,603,938)
Present value discounts (ranging from 1.6% to 6.1%)	<u>(11,086,981)</u>	<u>(7,936,224)</u>
	<u>\$ 51,542,933</u>	<u>31,607,327</u>

(c) Investments

UMF's investments, aggregated by investment strategy, with related liquidity information consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Liquidation period</u>
Investment strategy:			
Fixed income:			
U.S. Government securities	\$ 2,060,009	1,566,262	Daily
Corporate bonds	21,155,503	18,577,303	Daily
Certificates of deposit	518,015	510,855	Annually
Other fixed income securities	<u>46,994,089</u>	<u>50,631,349</u>	Daily
Total fixed income	<u>70,727,616</u>	<u>71,285,769</u>	
Equities:			
Common stocks	9,146,996	10,028,888	Daily
Common stock funds	51,642,330	67,452,492	Daily
Mutual funds	5,156,814	5,769,565	Daily
Index funds	<u>22,219,614</u>	<u>44,021,956</u>	Daily
Total equities	<u>88,165,754</u>	<u>127,272,901</u>	

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	<u>2016</u>	<u>2015</u>	<u>Liquidation period</u>
Hedge funds	\$ 135,221,582	120,675,963	Various(1)
Venture capital	79,953,494	59,498,831	Illiquid(2)
Real estate:			
Real estate owned	4,655,693	4,600,673	Illiquid
Timber fund	12,495,924	12,231,787	Illiquid(3)
Partnership interest	<u>750,000</u>	<u>750,000</u>	Illiquid(4)
Total real estate	17,901,617	17,582,460	
Other short-term investments	<u>4,713,828</u>	<u>5,714,252</u>	Daily
Total investments	\$ <u>396,683,891</u>	<u>402,030,176</u>	

- (1) 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 120 days
- (2) 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.
- (3) This fund represent interest in a partnership that invests solely in timber land and allows for liquidation after a 10-year term.
- (4) This investment represents a 49% interest in a commercial property. The investment would be liquidated upon the sale of the property.

(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 position 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, 2016 and 2015, UMF had no plans or intentions to sell investments at amounts different from NAV.

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

Mutual and common stock funds, index 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.

Corporate bonds: Valued based on inputs corroborated by observable market data.

Other fixed income securities: Valued at either the closing price reported on the active market on which the individual securities are traded or based on inputs corroborated by observable market data.

Hedge funds and real estate investment funds: Valued at the net asset value of underlying investments as determined by the fund managers. UMF's management also takes into consideration the audited financial information to determine overall reasonableness of the recorded value.

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 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 presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2016 and 2015.

		2016			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:					
Fixed income:					
U.S. Government securities	\$	—	2,060,009	—	2,060,009
Corporate bonds		—	21,155,503	—	21,155,503
Certificates of deposit		—	518,015	—	518,015
Other fixed income securities		<u>38,639,893</u>	<u>8,354,196</u>	<u>—</u>	<u>46,994,089</u>
Total fixed income		<u>38,639,893</u>	<u>32,087,723</u>	<u>—</u>	<u>70,727,616</u>
Equities:					
Common stocks		9,146,996	—	—	9,146,996
Common stock funds		51,642,330	—	—	51,642,330
Mutual funds		5,156,814	—	—	5,156,814
Index funds		<u>22,219,614</u>	<u>—</u>	<u>—</u>	<u>22,219,614</u>
Total equities		<u>88,165,754</u>	<u>—</u>	<u>—</u>	<u>88,165,754</u>
Hedge funds		—	77,429,628	57,791,954	135,221,582
Venture capital		—	—	79,953,494	79,953,494
Real estate:					
Real estate owned		—	—	4,655,693	4,655,693
Timber fund		—	—	12,495,924	12,495,924
Partnership interest		<u>—</u>	<u>—</u>	<u>750,000</u>	<u>750,000</u>
Total real estate		—	—	17,901,617	17,901,617
Other short-term investments		<u>4,713,828</u>	<u>—</u>	<u>—</u>	<u>4,713,828</u>
Total investments	\$	<u>131,519,475</u>	<u>109,517,351</u>	<u>155,647,065</u>	<u>396,683,891</u>
Beneficial interest in perpetual trust	\$	1,789,587	5,661,282	—	7,450,869

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		2015			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:					
Fixed income:					
U.S. Government securities	\$	—	1,566,262	—	1,566,262
Corporate bonds		—	18,577,303	—	18,577,303
Certificates of deposit		—	510,855	—	510,855
Other fixed income securities		<u>40,179,204</u>	<u>10,452,145</u>	<u>—</u>	<u>50,631,349</u>
Total fixed income		<u>40,179,204</u>	<u>31,106,565</u>	<u>—</u>	<u>71,285,769</u>
Equities:					
Common stocks		10,028,888	—	—	10,028,888
Common stock funds		23,187,289	44,265,203	—	67,452,492
Mutual funds		5,769,565	—	—	5,769,565
Index funds		<u>44,021,956</u>	<u>—</u>	<u>—</u>	<u>44,021,956</u>
Total equities		<u>83,007,698</u>	<u>44,265,203</u>	<u>—</u>	<u>127,272,901</u>
Hedge funds		—	86,407,473	34,268,490	120,675,963
Venture capital		—	—	59,498,831	59,498,831
Real estate:					
Real estate owned		—	—	4,600,673	4,600,673
Timber fund		—	—	12,231,787	12,231,787
Partnership interest		<u>—</u>	<u>—</u>	<u>750,000</u>	<u>750,000</u>
Total real estate		—	—	17,582,460	17,582,460
Other short-term investments		<u>5,714,252</u>	<u>—</u>	<u>—</u>	<u>5,714,252</u>
Total investments	\$	<u><u>128,901,154</u></u>	<u><u>161,779,241</u></u>	<u><u>111,349,781</u></u>	<u><u>402,030,176</u></u>
Beneficial interest in perpetual trust	\$	757,652	308,959	—	1,066,611

These methods 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.

At June 30, 2016, UMF had unfunded commitments of \$1.0M related to natural resource private fund hedge funds and \$51.1M related to venture capital and private equity investments. At June 30, 2015, UMF had unfunded commitments of \$1.6M related to natural resource private fund hedge funds and \$22.4M related to venture capital and private equity investments. In addition, all of UMF'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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The following table includes a rollforward of the amounts for the years ended June 30, 2016 and 2015 for investments classified within Level 3:

	<u>Real estate</u>	<u>Venture capital and private equity</u>	<u>Hedge Funds</u>	<u>Total</u>
Balance as of June 30, 2014	\$ 18,192,578	25,518,456	28,384,737	72,095,771
Net realized and unrealized gain (loss)	(47,460)	3,409,944	915,178	4,277,662
Net purchases (sales)	<u>(562,658)</u>	<u>30,570,431</u>	<u>4,968,575</u>	<u>34,976,348</u>
Balance as of June 30, 2015	17,582,460	59,498,831	34,268,490	111,349,781
Net realized and unrealized gain (loss)	508,612	4,930,663	(3,079,848)	2,359,427
Net purchases (sales)	<u>(189,455)</u>	<u>15,524,000</u>	<u>26,603,312</u>	<u>41,937,857</u>
Balance as of June 30, 2016	\$ <u><u>17,901,617</u></u>	<u><u>79,953,494</u></u>	<u><u>57,791,954</u></u>	<u><u>155,647,065</u></u>

Hedge funds include long/short funds, fixed income funds and multi-strategy funds. These funds generally invest directly into corporate equity and debt securities. Venture capital and private equity investments are comprised of funds primarily invested in startup entities with high growth potential. Real estate investments consist of funds invested directly or indirectly in real property.

(e) **Net Asset**

Permanently restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Academic and program support	\$ 38,570,620	37,007,735
Scholarship support	98,807,643	93,164,265
Faculty support	71,986,540	66,401,886
Library support	<u>13,854,301</u>	<u>13,716,237</u>
Total	\$ <u><u>223,219,104</u></u>	<u><u>210,290,123</u></u>

The vast majority of temporarily restricted net assets at June 30, 2016 and 2015 were available for academic and program support.

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

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

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funds), regardless of whether an organization is subject to UPMIFA. The Mississippi legislature enacted House Bill 1104 adopting UPMIFA during the 2012 legislative session. The legislation was effective July 1, 2012.

UMF's Board of Directors has reviewed the terms of UPMIFA as enacted by the Mississippi legislature and 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 position 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 position is classified in temporarily restricted net position until the amounts are appropriated for expenditures in accordance with the donor agreements.

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 market returns. Cash is not a strategic 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 for the endowed purpose is calculated based on a percentage of a 3-year moving average of the endowment's market value. The objective is to provide relatively stable spending allocations. However, 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 years ended June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment net assets, June 30, 2015	\$ (2,501)	97,714,197	208,338,466	306,050,162
Contributions and transfers to endowment	—	—	11,134,800	11,134,800
Appropriation for expenditures	—	(10,000,381)	—	(10,000,381)
Investment return:				
Investment income	—	661,387	—	661,387
Net appreciation (depreciation)	<u>(220,470)</u>	<u>(9,915,924)</u>	<u>11,006</u>	<u>(10,125,388)</u>
Donor-restricted endowment net assets, June 30, 2016	\$ <u>(222,971)</u>	<u>78,459,279</u>	<u>219,484,272</u>	<u>297,720,580</u>

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Changes in donor-restricted endowment net assets for the years ended June 30, 2015 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, 2014	\$ —	101,280,327	192,336,712	293,617,039
Contributions and transfers to endowment	—	—	15,997,132	15,997,132
Appropriation for expenditures	—	(8,854,211)	—	(8,854,211)
Investment return:				
Investment income	—	17,785,231	—	17,785,231
Net appreciation (depreciation)	<u>(2,501)</u>	<u>(12,497,150)</u>	<u>4,622</u>	<u>(12,495,029)</u>
Donor-restricted endowment net assets, June 30, 2015	\$ <u><u>(2,501)</u></u>	<u><u>97,714,197</u></u>	<u><u>208,338,466</u></u>	<u><u>306,050,162</u></u>

As a result of unfavorable volatility in the financial markets, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's original value. Deficiencies of this nature are reported in unrestricted net assets. Subsequent gains that restore the fair value of assets of the endowment fund to the required level are classified as an increase in unrestricted net assets. There were endowment funds with deficiencies totaling approximately \$223,000 as of June 30, 2016 and approximately \$3,000 of such deficiencies as of June 30, 2015.

(21) 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 (USM) and its students. USMF depends on the University 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 consolidated 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 consolidated 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

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restrictions. This has been accomplished by classification of net assets and transactions into three classes – permanently restricted, temporarily restricted and unrestricted as follows:

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by USMF. Generally, only a portion of the income earned on related investments may be expended for general or specific purposes in support of the USM.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met by actions of USMF and/or the passage of time. 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 that 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 risks 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 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 in all other cases and released from restriction when expended in accordance with donor agreements.

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(iii) Use of Estimates

USMF prepares its consolidated 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 allowance for uncollectible pledges, the fair market value of certain real estate, depreciation of property and equipment, and the present value discount applied to pledges receivable, the present value of externally managed trusts and the liabilities for gift annuity contracts. Actual results could differ significantly from those estimates.

USMF's investments are held in various types of investment securities across a variety of 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in USMF's consolidated financial statements.

(iv) Investments

Overall Investment Objective

Investments The overall investment objective of USMF 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. UMF diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by USMF's Investment Committee, which oversees its investment program in accordance with an established investment policy.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, USMF 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

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certain investments held. Moreover, the fair values of USMF'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 position.

Basis of Reporting

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Hedge funds and real estate investment funds are reported at the net asset value reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. At June 30, 2016 and 2015, the USMF had no plans or intentions to sell investments at amounts different from net asset value. Other investments, which consist primarily of pooled investment funds and real estate, are recorded at fair value. The fair value of real estate is based on recent appraisals. Transactions are accounted for on a trade date basis.

(v) Pledges

All unconditional pledges to give are recorded at their estimated realizable value on a discounted basis at rates commensurate with the risk involved. 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.

(b) Pledges Receivable, Net

Pledges receivable, net, are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 4,545,075	4,901,798
One year to five years	4,176,552	7,668,581
More than five years	<u>76,361</u>	<u>139,176</u>
	8,797,988	12,709,555
Less unamortized discounts ranging from 0.72% to 5.15%	<u>(206,472)</u>	<u>(363,514)</u>
	8,591,516	12,346,041
Less allowance for uncollectible pledges	<u>(367,000)</u>	<u>(294,000)</u>
	<u>\$ 8,224,516</u>	<u>12,052,041</u>

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(c) **Investments**

Investments are summarized as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investment strategy:		
Fixed income:		
U.S. government securities	\$ 1,195,130	2,699,292
Corporate bonds	6,073,335	5,846,610
Mutual funds	27,313,405	25,636,245
Other fixed income securities	4,486,679	4,030,927
Total fixed income	<u>39,068,549</u>	<u>38,213,074</u>
Equities:		
Mutual and common stock funds	47,396,182	49,368,285
Total equities	<u>47,396,182</u>	<u>49,368,285</u>
Alternative investments:		
Hedge funds	4,984,804	5,356,096
Real estate investment funds	2,700,067	2,419,042
Total alternative investments	<u>7,684,871</u>	<u>7,775,138</u>
Cash surrender value of insurance policies	2,472,867	2,397,134
Other	46,032	71,032
Total investments	<u>\$ 96,668,501</u>	<u>97,824,663</u>

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

	<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Dividends and interest (net of expenses of \$374,618)	\$ 1,455,283	294,314	73,231	1,822,828
Realized (losses) gains, net	(104,507)	1,224,250	43,193	1,162,936
Unrealized gains, net	119,588	(3,420,161)	(83,286)	(3,383,859)
	<u>\$ 1,470,364</u>	<u>(1,901,597)</u>	<u>33,138</u>	<u>(398,095)</u>

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	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Dividends and interest (net of expenses of \$350,000)	\$ 1,596,462	210,242	13,666	1,820,370
Realized (losses) gains, net	(57,982)	2,232,578	11,430	2,186,026
Unrealized gains, net	(95,908)	(2,150,341)	41,597	(2,204,652)
	<u>\$ 1,442,572</u>	<u>292,479</u>	<u>66,693</u>	<u>1,801,744</u>

(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, 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.

Corporate bonds: Valued based on inputs corroborated by observable market data.

Other fixed income securities: Valued at either the closing price reported on the active market on which the individual securities are traded or based on inputs corroborated by observable market data.

Hedge funds and real estate investment funds: At June 30, 2016 and 2015, \$7,684,871 and \$7,775,138, respectively, are valued at the net asset value of underlying investments as determined by the fund managers. USMF's management also takes into consideration the audited financial information to determine overall reasonableness of the recorded value.

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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 following is a description of the valuation methodologies used for other assets and liabilities measured at fair value:

Amounts due from externally managed trusts: Valued based on the present value of the estimated future cash receipts from the assets of the trust using appropriate discount rates.

Gift annuities payable: Valued based on the present value of projected future distributions to the annuity beneficiaries using appropriate discount rates.

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, as well as assets measured at NAV, USMF's assets at fair value or net position value as of June 30, 2016 and 2015:

	2016				Total
	Level 1	Level 2	Level 3	Investments measured at NAV	
Investment strategy:					
Fixed income:					
U.S. Government securities	\$ 1,195,130	—	—	—	1,195,130
Corporate bonds	—	6,073,335	—	—	6,073,335
Mutual Funds	27,313,405	—	—	—	27,313,405
Other fixed income securities	1,995,447	2,491,232	—	—	4,486,679
Total fixed income	<u>30,503,982</u>	<u>8,564,567</u>	<u>—</u>	<u>—</u>	<u>39,068,549</u>
Equities:					
Mutual and common stock funds	47,396,182	—	—	—	47,396,182
Total equities	<u>47,396,182</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,396,182</u>
Alternative investments:					
Hedge funds	—	—	—	4,984,804	4,984,804
Real estate investment funds	—	—	—	2,700,067	2,700,067
Total alternative investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,684,871</u>	<u>7,684,871</u>
Cash surrender value of insurance policies	—	—	2,472,867	—	2,472,867
Other	—	—	46,032	—	46,032
Total investments	<u>\$ 77,900,164</u>	<u>8,564,567</u>	<u>2,518,899</u>	<u>7,684,871</u>	<u>96,668,501</u>
Present value of amounts due from externally managed trusts	\$ —	—	4,883,516	—	4,883,516
Gift annuities payable	—	—	286,181	—	286,181

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

	2015				
	Level 1	Level 2	Level 3	Investments measured at NAV	Total
Investment strategy:					
Fixed income:					
U.S. Government securities	\$ 2,699,292	—	—	—	2,699,292
Corporate bonds	—	5,846,610	—	—	5,846,610
Mutual Funds	25,636,245	—	—	—	25,636,245
Other fixed income securities	2,231,175	1,799,752	—	—	4,030,927
Total fixed income	<u>30,566,712</u>	<u>7,646,362</u>	<u>—</u>	<u>—</u>	<u>38,213,074</u>
Equities:					
Mutual and common stock funds	49,368,285	—	—	—	49,368,285
Total equities	<u>49,368,285</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>49,368,285</u>
Alternative investments:					
Hedge funds	—	—	—	5,356,096	5,356,096
Real estate investment funds	—	—	—	2,419,042	2,419,042
Total alternative investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,775,138</u>	<u>7,775,138</u>
Cash surrender value of insurance policies	—	—	2,397,134	—	2,397,134
Other	—	—	71,032	—	71,032
Total investments	<u>\$ 79,934,997</u>	<u>7,646,362</u>	<u>2,468,166</u>	<u>7,775,138</u>	<u>97,824,663</u>
Present value of amounts due from externally managed trusts	\$ —	—	817,080	—	817,080
Gift annuities payable	—	—	305,330	—	305,330

At June 30, 2016 and 2015, 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 hedge funds and real estate investments which require a much longer period to liquidate.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Level 3 Gains and Losses

The tables below set forth a summary of changes in the fair value or net position value of USMF's Level 3 assets for the years ended June 30, 2016 and 2015:

		2016			
Level 3		Life insurance contracts	Real estate	Other	Total
Balance, June 30, 2015	\$	2,397,134	—	71,032	2,468,166
Acquisitions		—	—	—	—
Dispositions		—	—	(25,000)	(25,000)
Change in cash surrender value		75,733	—	—	75,733
Balance, June 30, 2016	\$	<u>2,472,867</u>	<u>—</u>	<u>46,032</u>	<u>2,518,899</u>

		2015			
Level 3		Life insurance contracts	Real estate	Other	Total
Balance, June 30, 2014	\$	2,327,070	90,000	46,032	2,463,102
Acquisitions		—	—	25,000	25,000
Dispositions		(6,687)	(90,000)	—	(96,687)
Change in cash surrender value		76,751	—	—	76,751
Balance, June 30, 2015	\$	<u>2,397,134</u>	<u>—</u>	<u>71,032</u>	<u>2,468,166</u>

Amounts due from Externally Managed Trusts

For the years ended June 30, 2016 and 2015, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

		2016	2015
Beginning value as of June 30	\$	817,080	856,903
Additions		4,107,051	114,378
Distributions		(36,411)	(60,877)
Change in valuation		(4,204)	(93,324)
Fair value at June 30	\$	<u>4,883,516</u>	<u>817,080</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

Gift annuities payable

For the years ended June 30, 2016 and 2015, the changes in present value of amounts to gift annuities payable classified as Level 3 are as follows:

	<u>2016</u>	<u>2015</u>
Beginning value as of June 30	\$ 305,330	343,582
Additions	131,352	—
Change in valuation	71,304	12,349
Annuity payments	(51,803)	(46,134)
Terminations	(170,002)	(4,467)
Fair value at June 30	<u>\$ 286,181</u>	<u>305,330</u>

(e) *Temporarily Restricted Net Assets*

Temporarily restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Student financial aid	\$ 16,569,776	20,970,063
Academic divisions	3,210,698	3,506,432
Research	239,037	243,240
Operation and maintenance of plant	3,862,593	7,339,218
Library	669,195	690,134
Athletics	378,591	368,047
Faculty and staff support	1,803,790	2,396,084
Other restricted purposes	6,956,052	7,209,034
Total	<u>\$ 33,689,732</u>	<u>42,722,252</u>

(f) *Permanently Restricted Net Assets*

Permanently restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Student financial aid	\$ 44,345,689	37,596,381
Academic divisions	5,472,753	5,354,919
Research	200,610	181,190
Operation and maintenance of plant	4,686,194	3,778,768
Library	3,002,234	2,983,621
Faculty and staff support	10,307,753	10,171,311
Other restricted purposes	4,124,317	3,528,388
Total	<u>\$ 72,139,550</u>	<u>63,594,578</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

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

At June 30, 2016, USMF has 906 individual funds which function as endowment funds that are established for a variety of purposes to support the USM. The endowment funds include both donor-restricted endowment funds and funds designated by the Foundation'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.

FASB ASC 958, *Not-for-Profit Entities*, 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 disclosures about endowment funds (both donor-restricted and board-designated endowment funds), regardless of whether an organization is subject to UPMIFA. The Mississippi legislature enacted House Bill 1104 adopting UPMIFA during the 2012 legislative session. The legislation was effective July 1, 2012.

USMF's Board of Directors has reviewed the terms of UPMIFA as enacted by the Mississippi legislature and has determined that its donor agreements for permanent endowments provide for the preservation of the original gift of the donor-restricted endowment funds. As a result, the Foundation 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 expended in accordance with the donor agreements.

USMF has established investment policies to ensure the assets of the Foundation's endowment are managed in a prudent fashion in accordance with sound investment principles and UPMIFA. 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 real total return that preserves the purchasing power of the endowment's assets while generating an income stream to support the USM. The primary performance objective of the endowment is to earn a total return, net of investment fees, within prudent levels of risk, equal to or greater than the spending rate plus administrative fees and the desired rate of growth.

USMF's spending policy is designed to promote positive growth in the market value of the endowment sufficient to offset reasonable spending over an extended period of time. The spending policy is approved annually by the USMF's Board of Directors. In accordance with UPMIFA, the Board may expend as much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund was established. The spending rate was approximately 4% for the years ended June 30, 2016 and 2015. In addition, applicable endowment funds were assessed a 1.75% administrative fee. This fee provides a significant portion of the funding for the development programs of USMF. No portion of the original gift value of permanent endowments is allocated for spending or charged a fee.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

At June 30, 2016 the endowment net asset composition by type of fund consists of the following:

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment-type funds	\$ (907)	17,632,655	63,750,398	81,382,146
Board-designated endowment-type funds	1,913,755	—	—	1,913,755
Endowment net assets, June 30, 2016	<u>\$ 1,912,848</u>	<u>17,632,655</u>	<u>63,750,398</u>	<u>83,295,901</u>

During the years ended June 30, 2016, USMF had the following endowment related activity:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2015	\$ 1,802,075	21,500,210	59,570,656	82,872,941
Contributions	25,742	190,212	2,899,943	3,115,897
Net investment income	(25,714)	(1,927,352)	(27,929)	(1,980,995)
Other income	(571)	667	2,878	2,974
Change in restriction by donor	—	(55,491)	1,090,171	1,034,680
Expenses	(69,517)	(2,524,642)	—	(2,594,159)
Transfers	180,833	449,051	214,679	844,563
Endowment net assets, June 30, 2016	<u>\$ 1,912,848</u>	<u>17,632,655</u>	<u>63,750,398</u>	<u>83,295,901</u>

At June 30, 2015 the endowment net asset composition by type of fund consists of the following:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2016 and 2015

	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor-restricted endowment-type funds	\$ —	21,500,210	59,570,656	81,070,866
Board-designated endowment-type funds	<u>1,802,075</u>	<u>—</u>	<u>—</u>	<u>1,802,075</u>
Endowment net assets, June 30, 2015	<u>\$ 1,802,075</u>	<u>21,500,210</u>	<u>59,570,656</u>	<u>82,872,941</u>

During the years ended June 30, 2015, USMF had the following endowment related activity:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2014	\$ 1,841,375	22,197,861	54,633,599	78,672,835
Contributions	102,862	1,361,989	2,853,147	4,317,998
Net investment income	31,139	260,300	4,895	296,334
Other income	(1,102)	—	22	(1,080)
Change in restriction by donor	—	(32,862)	2,057,198	2,024,336
Expenses	(176,085)	(2,305,157)	—	(2,481,242)
Transfers	<u>3,886</u>	<u>18,079</u>	<u>21,795</u>	<u>43,760</u>
Endowment net assets, June 30, 2015	<u>\$ 1,802,075</u>	<u>21,500,210</u>	<u>59,570,656</u>	<u>82,872,941</u>

COMBINING SUPPLEMENTAL INFORMATION

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2016

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	\$ 34,896,924	4,978,332	3,991,141	95,075,081	7,647,457	10,646,817	59,239,543	39,030,118	195,110,639	9,743,836	662,000	—	461,021,888
Short-term investments	4,885,537	137,462	250,000	13,093,328	—	3,117,530	113,823,895	1,953,856	71,857,734	11,440,498	—	—	220,559,840
Accounts receivable, net	11,670,512	5,456,550	27,859,081	63,046,353	4,906,400	3,574,430	43,555,891	21,857,504	190,753,570	1,786,837	223,368	—	374,690,496
Student notes receivable, net	771,217	333,632	61,919	3,681,775	87,817	—	7,399,244	2,024,771	615,512	790,321	—	—	15,766,208
Inventories	294,539	213,550	304,909	3,061,903	—	474,213	—	944,531	26,151,794	481,923	—	—	32,210,811
Prepaid expenses	—	74,973	9,014	19,107,930	227,507	26,229	1,755,170	5,025,859	6,849,049	—	—	—	33,075,731
Other current assets	—	—	—	—	—	—	—	—	9,031,684	—	—	—	9,031,684
Total current assets	52,518,729	11,194,499	32,476,064	197,066,370	12,869,181	17,839,219	226,718,274	70,175,557	500,369,982	24,243,415	885,368	—	1,146,356,658
Noncurrent assets:													
Restricted cash and cash equivalents	2,963,495	(625,244)	2,127,921	13,255,368	(1,273,415)	—	18,792,010	147	150,249,799	—	—	—	185,490,081
Restricted short-term investments	1,055,340	—	—	—	—	670,367	11,494,365	—	2,501,365	—	—	—	15,721,437
Endowments investments	15,898,677	—	15,719,535	35,693,138	3,972,942	1,805,321	83,006,446	3,886,799	72,974,850	14,367,908	—	—	247,525,616
Other long-term investments	—	6,658,976	23,179,891	79,064,221	8,405,395	1,217,411	190,506,585	47,676,998	42,496,345	33,848,791	578,760	—	433,633,373
Student notes receivable, net	—	1,182,878	1,904,730	13,260,915	1,009,893	—	19,126,483	25,227,441	6,820,202	31,514,138	—	—	100,046,680
Capital assets, net	146,476,417	118,290,467	270,854,125	946,360,354	97,766,819	102,398,265	1,007,041,811	568,657,439	611,916,560	4,484,197	—	—	3,874,246,454
Other noncurrent assets	144,366	—	26,725	—	—	190,276	69,900	—	4,259,720	—	—	—	4,690,987
Total noncurrent assets	166,538,295	125,507,077	313,812,927	1,087,633,996	109,881,634	106,281,640	1,330,037,600	645,448,824	891,218,841	84,215,034	578,760	—	4,861,154,628
Total assets	219,057,024	136,701,576	346,288,991	1,284,700,366	122,750,815	124,120,859	1,556,755,874	715,624,381	1,391,588,823	108,458,449	1,464,128	—	6,007,511,286
Deferred outflows of resources:													
Deferred amount of refundings	5,846,341	—	—	2,358,428	—	—	—	13,035,219	4,433,120	—	—	—	25,673,108
Pension related deferred outflows	13,566,030	7,371,104	22,253,148	92,196,373	7,198,850	6,765,624	54,558,710	36,448,522	234,030,466	2,600,140	118,046	—	477,107,013
Total assets and deferred outflows of resources	\$ 238,469,395	144,072,680	368,542,139	1,379,255,167	129,949,665	130,886,483	1,611,314,584	765,108,122	1,630,052,409	111,058,589	1,582,174	—	6,510,291,407

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2016

	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
Liabilities													
Current liabilities:													
Accounts payable and accrued liabilities	\$ 2,462,436	3,242,587	13,148,838	27,739,143	2,764,026	1,889,409	31,181,400	19,162,658	110,720,185	2,183,700	195,685	—	214,690,067
Unearned revenues	2,252,986	885,585	3,182,797	28,572,773	1,416,572	157,624	55,889,910	16,320,237	16,340,417	—	—	—	125,018,901
Accrued leave liabilities – current portion	867,445	238,236	426,108	2,081,145	50,374	251,037	1,438,000	1,230,000	4,394,887	34,787	2,400	—	11,014,419
Long-term liabilities – current portion	1,300,860	1,245,233	3,123,985	11,385,000	146,891	453,690	14,594,485	7,362,999	10,791,690	10,084,613	—	—	60,489,446
Other current liabilities	—	—	—	43,089	314,498	52,210	3,500,470	47,598	22,837,974	—	—	—	26,795,839
Total current liabilities	6,883,727	5,611,641	19,881,728	69,821,150	4,692,361	2,803,970	106,604,265	44,123,492	165,085,153	12,303,100	198,085	—	438,008,672
Noncurrent liabilities:													
Net pension liability	71,034,832	42,181,402	130,840,285	487,619,653	35,499,410	37,755,185	287,872,551	204,738,145	1,087,561,173	16,593,427	1,231,115	—	2,402,927,178
Deposits refundable	663,914	128,195	70,369	40,433	—	30,689	88,072	13,543	—	—	—	—	1,035,215
Accrued leave liabilities	3,616,163	1,246,536	5,492,057	24,609,646	1,208,980	1,661,024	15,481,419	8,815,982	54,312,156	788,120	63,690	—	117,295,773
Long-term liabilities	50,204,677	17,335,575	93,188,659	307,080,000	228,025	18,483,814	274,012,212	180,119,817	251,002,988	31,725,209	—	—	1,223,380,976
Other long-term liabilities	—	1,927,036	1,823,012	13,709,097	1,006,946	—	9,326,700	26,582,159	32,846,322	—	—	—	87,221,272
Total noncurrent liabilities	125,519,586	62,818,744	231,414,382	833,058,829	37,943,361	57,930,712	586,780,954	420,269,646	1,425,722,639	49,106,756	1,294,805	—	3,831,860,414
Total liabilities	132,403,313	68,430,385	251,296,110	902,879,979	42,635,722	60,734,682	693,385,219	464,393,138	1,590,807,792	61,409,856	1,492,890	—	4,269,869,086
Deferred inflows of resources:													
Deferred amount of refundings	—	—	—	—	—	—	2,129,565	—	—	—	—	—	2,129,565
Pension related deferred inflows	3,120,331	1,565,206	2,778,380	12,528,421	867,858	2,438,277	7,556,549	8,353,503	25,670,867	432,409	107,454	—	65,419,255
Total liabilities and deferred inflows of resources	\$ 135,523,644	69,995,591	254,074,490	915,408,400	43,503,580	63,172,959	703,071,333	472,746,641	1,616,478,659	61,842,265	1,600,344	—	4,337,417,906
Net Position													
Net investment in capital assets	\$ 103,133,412	99,609,604	176,938,127	626,692,777	97,391,903	84,260,935	726,851,612	380,175,410	378,230,555	4,469,814	—	—	2,677,754,149
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	7,545,377	2,308,513	823,996	804,071	7,470,521	569,090	—	1,006,944	—	—	20,528,512
Research	—	—	—	4,277,397	—	—	67,358	—	—	—	—	—	4,344,755
Other purposes	12,365,497	—	23,179,891	7,493,965	286,659	—	43,076,215	—	25,636,660	17,079,187	—	—	129,118,074
Expendable:													
Scholarships and fellowships	—	—	8,155,260	3,765,626	498,987	1,355,369	5,907,057	794,387	3,492,880	33,831,382	—	—	57,800,948
Research	—	—	—	23,000,368	—	—	4,379,459	—	27,739,181	—	—	—	55,119,008
Capital projects	—	—	124,746	(589,553)	1,879,019	85,650	6,062,973	—	—	—	—	—	7,562,835
Debt service	—	1,384,151	(685,207)	1,223,994	—	129,511	—	16,172,431	1,101,328	9,010	—	—	19,335,218
Loans	1,404,283	—	321,708	4,805,869	204,265	—	19,762,424	5,618,165	4,390,355	—	—	—	36,507,069
Other purposes	—	291,146	—	1,332,822	—	700,850	16,379,213	3,927,715	63,022,151	—	1,173,984	—	86,827,881
Unrestricted	(13,957,441)	(27,207,812)	(101,112,253)	(210,465,011)	(14,638,744)	(19,622,862)	78,286,419	(114,895,717)	(490,039,360)	(7,180,013)	(1,192,154)	—	(922,024,948)
Total net position	\$ 102,945,751	74,077,089	114,467,649	463,846,767	86,446,085	67,713,524	908,243,251	292,361,481	13,573,750	49,216,324	(18,170)	—	2,172,873,501

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2016

	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
Operating revenues:													
Tuition and fees	\$ 21,012,406	21,140,848	69,069,941	235,797,272	19,790,198	13,301,470	311,834,424	131,212,467	30,957,146	—	—	—	854,116,172
Less:													
Scholarship allowances	(10,679,540)	(4,820,284)	(22,572,934)	(83,015,641)	(6,965,574)	(8,648,401)	(87,912,912)	(43,840,766)	(4,908,602)	—	—	—	(273,364,654)
Bad debt expense	(270,304)	(61,064)	(638,122)	(1,144,264)	(158,101)	(341,375)	(919,053)	(150,000)	(66,076)	—	—	—	(3,748,359)
Net tuition and fees	10,062,562	16,259,500	45,858,885	151,637,367	12,666,523	4,311,694	223,002,459	87,221,701	25,982,468	—	—	—	577,003,159
Federal appropriations	—	—	—	18,796,056	—	—	—	—	—	—	—	—	18,796,056
Federal grants and contracts	11,800,023	3,037,909	34,547,675	114,607,542	84,258	7,249,679	41,957,886	40,467,512	42,230,081	3,309,911	3,292,393	(35,839,673)	266,745,196
State grants and contracts	246,973	1,464,740	1,734,651	22,827,101	6,487,163	11,101	16,672,000	10,905,654	13,547,847	50,575	—	—	46,079,949
Nongovernmental grants and contracts	1,311,503	4,034,356	3,149,847	17,073,111	2,907,154	—	28,673,723	16,416,225	9,303,049	1,083,628	33,607	—	83,986,203
Sales and services of educational departments	986,161	1,327,213	1,584,774	42,385,659	1,628,509	2,194,183	7,764,535	3,087,960	974,901	3,550,404	68,953	(2,634,929)	62,918,323
Auxiliary enterprises:													
Student housing	9,153,547	3,706,949	14,591,687	25,659,559	2,123,088	3,626,829	25,839,261	16,453,997	—	—	—	—	101,154,917
Food services	4,403,575	2,966,428	11,412,237	2,515,379	1,755,931	2,875,280	2,942,818	2,736,904	—	—	—	—	31,608,552
Bookstore	85,254	107,667	—	774,036	121,524	1,297,403	702,880	1,283,000	2,480,056	—	—	—	6,851,820
Athletics	—	—	2,247,622	57,027,145	—	—	70,228,405	14,116,888	—	—	—	—	143,620,060
Other auxiliary revenues	621,627	1,785,193	3,442,144	12,784,128	198,037	1,495,797	12,679,635	4,552,297	1,389,454	2,316,526	—	—	41,264,838
Less auxiliary enterprise scholarship allowances	(2,838,865)	—	(9,067,593)	(8,805,663)	(1,383,177)	—	(6,820,830)	(2,412,294)	—	—	—	—	(31,328,422)
Interest earned on loans to students	—	23,565	—	249,845	—	—	511,848	—	194,038	—	—	—	979,296
Patient care revenues	—	—	—	—	—	—	—	—	1,086,205,305	—	—	—	1,086,205,305
Other operating revenues	3,391,625	888,082	5,909,326	4,527,204	89,369	1,059,238	12,414,751	8,042,664	65,318,709	16,368,201	17,861	(14,225,303)	103,801,727
Total operating revenues	39,223,985	35,601,602	115,411,255	462,058,469	26,678,379	24,121,204	436,569,371	202,872,508	1,247,625,908	26,679,245	3,412,814	(80,567,761)	2,539,686,979
Operating expenses:													
Salaries and wages	36,353,509	27,351,881	80,930,062	326,529,375	21,247,312	22,026,869	215,497,862	142,861,102	698,343,090	8,145,677	577,644	—	1,579,864,383
Fringe benefits	13,989,798	9,854,558	25,188,027	128,959,445	7,806,373	8,706,979	69,243,055	57,192,016	230,695,965	2,935,679	117,600	—	554,689,495
Travel	2,231,139	1,465,357	4,181,785	18,044,431	435,829	1,470,697	14,684,490	8,711,485	5,917,391	220,641	49,555	—	57,412,800
Contractual services	11,836,801	11,933,752	47,919,387	84,455,126	8,437,871	8,332,636	75,574,480	55,420,032	170,535,434	21,048,517	3,110,560	(52,699,905)	445,904,691
Utilities	3,650,075	1,630,696	5,441,013	14,774,791	2,697,424	1,870,151	12,280,534	9,859,093	11,998,884	653,289	—	—	64,855,950
Scholarships and fellowships	7,028,922	6,337,547	19,424,426	36,402,278	6,053,736	3,154,254	50,565,626	24,465,432	6,321,715	42,791,646	—	(27,867,856)	174,677,726
Commodities	4,433,788	4,171,584	6,438,753	34,374,765	2,209,130	3,992,579	26,487,085	15,916,712	279,166,712	313,416	66,600	—	377,571,345
Depreciation	4,080,940	3,863,405	8,344,887	32,985,045	2,330,500	2,518,663	31,494,977	17,135,409	44,132,768	163,103	—	—	147,049,697
Other operating expenses	511,237	6,894	3,764,376	—	—	—	350,070	—	155,579	5,116,882	1,419	—	9,906,457
Total operating expenses	84,116,209	66,615,674	201,632,716	676,525,256	51,218,175	52,072,828	496,178,179	331,561,502	1,447,267,538	81,388,850	3,923,378	(80,567,761)	3,411,932,544
Operating loss	(44,892,224)	(31,014,072)	(86,221,461)	(214,466,787)	(24,539,796)	(27,951,624)	(59,608,808)	(128,688,994)	(199,641,630)	(54,709,605)	(510,564)	—	(872,245,565)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2016

	<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>
Nonoperating revenue (expenses):													
State appropriations	\$ 30,785,095	22,735,982	51,089,562	186,393,254	16,744,182	17,595,330	96,083,327	92,043,437	185,663,575	53,594,651	435,015	—	753,163,410
Gifts and grants	12,361,621	6,083,852	23,817,437	67,684,349	5,482,344	9,953,292	30,741,202	28,643,063	7,305,548	—	—	—	192,072,708
Investment income, net of investment expense	446,025	232,354	549,158	812,542	224,994	276,737	9,443,620	1,793,745	3,710,895	2,123,631	(13,287)	—	19,600,414
Interest expense on capital assets-related debt	(2,927,759)	—	(4,820,680)	(3,166,732)	(13,313)	(1,416,770)	(9,830,329)	(5,526,868)	(11,037,850)	—	—	—	(38,740,301)
Other nonoperating revenues	—	—	2,309,252	198,447	102,933	—	—	—	—	—	—	—	2,610,632
Other nonoperating expenses	—	(8,961,823)	—	(900,144)	(641,946)	—	(308,713)	—	—	(24,473,906)	—	23,870,000	(11,416,532)
Total net nonoperating revenues	<u>40,664,982</u>	<u>20,090,365</u>	<u>72,944,729</u>	<u>251,021,716</u>	<u>21,899,194</u>	<u>26,408,589</u>	<u>126,129,107</u>	<u>116,953,377</u>	<u>185,642,168</u>	<u>31,244,376</u>	<u>421,728</u>	<u>23,870,000</u>	<u>917,290,331</u>
Income (loss) before other revenues, expenses, gains and losses	(4,227,242)	(10,923,707)	(13,276,732)	36,554,929	(2,640,602)	(1,543,035)	66,520,299	(11,735,617)	(13,999,462)	(23,465,229)	(88,836)	23,870,000	45,044,766
Capital grants and gifts	—	—	—	5,128,863	—	—	14,621,662	10,200,949	13,636,792	—	—	—	43,588,266
State appropriations restricted for capital purposes	507,861	9,048,223	12,609,396	6,876,825	1,182,974	6,447,400	10,552,325	10,633,166	22,195,345	2,253,910	—	—	82,307,425
Additions to permanent endowments	1,415,000	—	23,870,000	—	131,092	4,639	7,344	—	98,231	—	—	(23,870,000)	1,656,306
Other additions	2,530,683	123,166	—	—	416,053	—	1,000,926	2,395,486	—	—	—	—	6,466,314
Other deletions	(166,481)	—	—	(285,663)	(324,079)	—	(2,456,772)	(810,539)	(926,640)	(1,074,877)	—	—	(6,045,051)
Changes in net position	<u>59,821</u>	<u>(1,752,318)</u>	<u>23,202,664</u>	<u>48,274,954</u>	<u>(1,234,562)</u>	<u>4,909,004</u>	<u>90,245,784</u>	<u>10,683,445</u>	<u>21,004,266</u>	<u>(22,286,196)</u>	<u>(88,836)</u>	<u>—</u>	<u>173,018,026</u>
Net position, beginning of the year	<u>102,885,930</u>	<u>75,829,407</u>	<u>91,264,985</u>	<u>415,571,813</u>	<u>87,680,647</u>	<u>62,804,520</u>	<u>817,997,467</u>	<u>281,678,036</u>	<u>(7,430,516)</u>	<u>71,502,520</u>	<u>70,666</u>	<u>—</u>	<u>1,999,855,475</u>
Net position, end of the year	<u>\$ 102,945,751</u>	<u>74,077,089</u>	<u>114,467,649</u>	<u>463,846,767</u>	<u>86,446,085</u>	<u>67,713,524</u>	<u>908,243,251</u>	<u>292,361,481</u>	<u>13,573,750</u>	<u>49,216,324</u>	<u>(18,170)</u>	<u>—</u>	<u>2,172,873,501</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2016

	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
Operating activities:													
Tuition and fees	\$ 10,045,606	16,401,625	41,112,569	151,305,141	12,588,190	4,344,403	222,328,044	88,139,121	26,206,226	—	—	—	572,470,925
Grants and contracts	11,855,498	8,666,184	41,698,273	150,592,757	9,604,537	6,871,283	97,738,669	71,305,323	66,847,181	4,551,394	3,326,000	(63,707,529)	409,349,570
Sales and services of educational departments	986,161	1,327,213	2,124,614	43,241,450	1,652,414	2,194,183	7,693,312	3,087,960	976,772	3,832,767	68,953	(2,634,929)	64,550,870
Payments to suppliers	(20,234,280)	(17,089,776)	(60,758,111)	(139,353,164)	(11,067,013)	(13,825,170)	(103,238,613)	(79,147,345)	(455,743,300)	(21,395,943)	(3,226,715)	52,699,905	(872,379,523)
Payments to employees for salaries and benefits	(50,343,308)	(39,234,395)	(105,839,440)	(436,895,695)	(27,448,154)	(29,871,754)	(273,603,676)	(195,234,174)	(872,601,399)	(11,600,173)	(695,244)	—	(2,043,367,412)
Payments for utilities	(3,650,075)	(1,630,696)	(5,445,730)	(14,774,791)	(2,748,963)	(1,870,151)	(12,353,060)	(9,800,410)	(11,998,844)	(653,289)	—	—	(64,926,009)
Payment for scholarships and fellowships	(7,028,922)	(6,337,547)	(19,013,854)	(36,406,529)	(6,053,736)	(3,154,254)	(50,750,588)	(24,655,698)	(6,321,715)	(34,911,832)	—	27,867,856	(166,766,819)
Loans issued to students and employees	—	(35,122)	—	(3,986,296)	—	—	(3,729,033)	(5,119,648)	(1,559,546)	(7,399,115)	—	—	(21,828,760)
Collections of loans to students and employees	—	285,032	—	3,395,871	—	694	2,553,922	4,853,679	1,656,097	1,114,626	—	—	13,859,921
Auxiliary enterprise charges:													
Student housing	6,394,480	3,706,949	9,111,352	25,224,852	1,396,212	3,626,829	17,503,963	15,164,926	—	—	—	—	82,129,563
Food services	4,403,575	2,968,148	6,642,650	2,461,020	1,069,384	2,875,280	3,105,707	2,340,503	—	—	—	—	25,866,267
Bookstore	85,254	107,667	—	774,037	—	1,297,403	700,799	1,133,296	2,469,110	—	—	—	6,689,090
Athletics	—	—	2,247,622	56,894,819	—	—	73,358,080	11,865,301	—	—	—	—	144,365,822
Other auxiliary enterprises	621,627	1,785,193	3,442,145	4,468,639	192,833	1,392,057	13,076,792	4,541,605	1,390,120	2,251,492	—	—	33,162,503
Patient care services	—	—	—	—	—	—	—	—	1,042,311,163	—	—	—	1,042,311,163
Interest earned on loans to students	—	—	—	—	—	—	511,848	—	194,038	310,185	—	—	1,016,071
Other receipts	2,891,625	1,699,557	5,909,838	22,545,015	89,368	1,205,275	12,340,670	7,799,022	57,584,722	16,368,201	17,861	(14,225,303)	114,225,851
Other payments	—	(8,253)	—	—	—	—	(15,079,123)	—	(155,579)	5,878,316	(1,419)	—	(9,366,058)
Net cash used in operating activities	(43,972,759)	(27,388,221)	(78,768,072)	(170,512,874)	(20,603,404)	(24,913,922)	(7,842,287)	(103,726,537)	(148,744,954)	(41,653,371)	(510,564)	—	(668,636,965)
Noncapital financing activities:													
State appropriations	30,785,095	22,860,055	51,242,110	187,901,576	16,744,182	17,754,870	95,543,337	92,329,326	186,619,567	53,842,948	435,015	—	756,058,081
Gifts and grants for other than capital purposes	—	69,808	23,817,437	67,749,601	5,516,736	9,953,292	29,459,679	28,562,425	7,305,548	—	—	—	172,434,526
Private gifts for endowment purposes	1,415,000	—	23,870,000	—	131,092	—	7,344	—	98,231	—	—	—	25,521,667
Federal loan program receipts	31,908,512	20,825,936	79,567,340	116,050,847	14,034,037	18,096,687	104,188,349	85,156,666	32,687,768	—	—	—	502,516,142
Federal loan program disbursements	(31,908,512)	(20,825,936)	(79,567,340)	(116,191,575)	(14,034,037)	(18,096,687)	(104,188,349)	(85,065,902)	(32,688,758)	—	—	—	(502,567,096)
Other sources	—	9,048,224	—	—	339,460	—	160,143	—	1,682	—	—	—	9,549,509
Other uses	—	—	—	(873,594)	(876,679)	—	(6,222,154)	—	(176,885)	(24,491,736)	—	—	(32,641,048)
Net cash provided by noncapital financing activities	32,200,095	31,978,087	98,929,547	254,636,855	21,854,791	27,708,162	118,948,349	120,984,197	193,845,471	29,351,212	435,015	—	930,871,781

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2016

	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	M CVS	Elimination entries	Total
Capital and related financing activities:													
Proceeds from capital debt	\$ —	—	—	—	—	17,598,814	99,065,613	70,793,434	—	—	—	—	187,457,861
Cash paid for capital assets	1,462,392	(431,096)	—	(92,453,488)	(1,821,968)	(392,407)	(111,752,304)	(20,690,388)	(74,439,468)	(19,073)	—	—	(300,537,800)
Capital appropriations received	—	—	—	2,229,296	42,680	—	1,988,947	—	—	—	—	—	4,260,923
Capital grants and contracts received	12,361,621	—	—	2,456,489	—	—	13,178,105	8,846,870	8,447,094	—	—	—	45,290,179
Proceeds from sales of capital assets	—	—	—	229,132	—	—	—	37,896	966,450	—	—	—	1,233,478
Principal paid on capital debt and leases	(500,000)	(814,839)	(3,712,408)	(9,725,000)	(142,919)	(16,260,000)	(45,991,084)	(68,179,516)	(5,355,000)	—	—	—	(150,680,766)
Interest paid on capital debt and leases	(2,250,938)	(2,726,629)	(4,820,680)	(14,514,128)	(13,313)	(1,167,278)	(9,168,460)	(5,387,714)	(11,985,543)	—	—	—	(52,034,683)
Other sources	—	142,141	3,359,840	—	—	(337,947)	1,363,040	800,118	—	—	—	—	5,327,192
Other uses	—	—	—	(9,799,334)	—	—	(1,011,610)	(9,051,059)	—	—	—	—	(19,862,003)
Net cash provided by (used in) capital and related financing activities	11,073,075	(3,830,423)	(5,173,248)	(121,577,033)	(1,935,520)	(558,818)	(52,327,753)	(22,830,359)	(82,366,467)	(19,073)	—	—	(279,545,619)
Investing activities:													
Proceeds from sales and maturities of investments	1,415,000	6,000,000	1,055,424	92,290,332	17,726,780	611,685	165,983,327	36,207,239	159,287,445	83,098,546	—	—	563,675,778
Interest received on investments	446,023	305,948	549,158	2,345,566	1,341,515	17,902	3,659,598	853,890	1,866,993	1,549,399	9,616	—	12,945,608
Purchases of investments	(1,415,000)	(4,000,000)	(23,179,891)	(92,830,608)	(19,336,625)	(1,091,653)	(206,979,075)	(33,550,984)	(153,818,616)	(78,167,711)	(58,908)	—	(614,429,071)
Net cash provided by (used in) investing activities	446,023	2,305,948	(21,575,309)	1,805,290	(268,330)	(462,066)	(37,336,150)	3,510,145	7,335,822	6,480,234	(49,292)	—	(37,807,685)
Net increase (decrease) in cash and cash equivalents	(253,566)	3,065,391	(6,587,082)	(35,647,762)	(952,463)	1,773,356	21,442,159	(2,062,554)	(29,930,128)	(5,840,998)	(124,841)	—	(55,118,488)
Cash and cash equivalents – beginning of year	38,113,985	1,287,697	12,706,144	143,978,211	7,326,505	8,873,461	56,589,394	41,092,819	375,290,566	15,584,834	786,841	—	701,630,457
Cash and cash equivalents – end of year	\$ 37,860,419	4,353,088	6,119,062	108,330,449	6,374,042	10,646,817	78,031,553	39,030,265	345,360,438	9,743,836	662,000	—	646,511,969

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2016

	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
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:													
Operating loss	\$ (44,892,224)	(31,014,072)	(86,221,461)	(214,466,787)	(24,539,796)	(27,951,624)	(59,608,808)	(128,688,994)	(199,641,630)	(54,709,605)	(510,564)	—	(872,245,565)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:													
Depreciation expenses	4,080,940	3,863,405	8,344,887	32,985,045	2,330,500	2,518,663	31,494,977	17,135,409	44,132,768	163,103	—	—	147,049,697
Self-insurance claims expense	—	—	—	—	—	—	—	—	3,991,148	6,504,256	—	—	10,495,404
Provision for uncollectible accounts receivable	—	(61,094)	613,132	1,144,264	158,101	341,375	919,053	—	152,653,950	154,456	—	—	155,923,237
Other	—	61,094	(514,759)	5,959	(3,938,248)	(432,056)	49,046	150,000	—	4,951,001	(7,045)	—	324,992
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	(1,913,328)	1,472,863	(1,960,490)	(4,094,503)	28,338	(170,317)	4,846,574	3,028,917	(186,639,218)	568,457	230,012	—	(184,602,695)
Inventories	(33,859)	2,045	(521,651)	(1,050,151)	—	79,640	118,745	63,285	(1,235,216)	12,810	—	—	(2,564,352)
Prepaid expenses	—	(1,429)	—	5,695,919	203,513	41,567	(3,240,825)	(48,167)	(3,301,634)	13,056	(128,692)	—	(766,692)
Other assets	—	(149,340)	—	—	(40,378)	(2,489,780)	—	(20,471,120)	(8,233,403)	(1,522,810)	—	—	(32,906,831)
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	(1,626,406)	444,174	302,726	290,173	(428,140)	(114,142)	(999,423)	(539,726)	10,958,017	160,765	(188,808)	—	8,259,210
Unearned revenue	266,118	310,717	346,531	(1,537,957)	(33,324)	17,020	9,031,187	87,804	2,111,117	—	—	—	10,599,213
Deposits refundable	61,984	(4,962)	43,959	8,798	—	(962)	(12,150)	(19,680)	—	—	—	—	76,987
Accrued leave liability	(96,778)	(75,076)	562,806	(1,459,617)	33,875	314,511	1,014,225	(17,353)	3,659,220	4,755	6,531	—	3,947,099
Loans to students and employees	—	—	—	—	—	—	8,545,112	(148,011)	—	—	—	—	8,397,101
Other liabilities	180,794	(2,236,546)	236,248	11,965,983	5,622,155	2,932,183	—	25,741,099	32,799,927	2,046,385	88,002	—	79,376,230
Total adjustments	919,465	3,625,851	7,453,389	43,955,913	3,936,392	3,037,702	51,766,521	24,962,457	50,896,676	13,056,234	—	—	203,608,600
Net cash used in operating activities	\$ (43,972,759)	(27,388,221)	(78,768,072)	(170,512,874)	(20,603,404)	(24,913,922)	(7,842,287)	(103,726,537)	(148,744,954)	(41,653,371)	(510,564)	—	(668,636,965)
Noncash capital related financing and investing activities:													
Capital assets acquired through donations and capital lease obligations	\$ 507,861	9,048,223	12,609,396	6,876,825	1,182,974	6,447,400	10,552,325	10,633,166	22,195,345	2,253,910	—	—	82,307,425
Capital appropriations from the State of Mississippi	—	—	—	—	—	407,504	46,887,841	1,595,368	159,984	—	—	—	49,050,697

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Net Pension Liability
 Year ended June 30, 2016

	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
Alcorn State University:					
2015	0.47%	56,758,259	28,572,870	199.00%	67.00%
2016	0.46	71,034,832	28,709,073	247.43	61.70
Delta State University:					
2015	0.28	33,537,396	16,883,175	199.00	67.00
2016	0.27	42,181,402	17,047,771	247.43	61.70
Jackson State University:					
2015	0.83	100,387,620	50,536,476	199.00	67.00
2016	0.85	130,840,285	52,898,190	247.43	61.70
Mississippi State University:					
2015	3.11	377,668,592	190,123,441	199.00	67.00
2016	3.15	487,619,653	197,073,543	247.43	61.70
Mississippi University for Women:					
2015	0.22	27,087,951	13,636,438	199.00	67.00
2016	0.23	35,499,410	14,347,232	247.43	61.70
Mississippi Valley State University:					
2015	0.26	31,120,964	15,666,711	199.00	67.00
2016	0.24	37,755,185	15,258,908	247.43	61.70
University of Mississippi:					
2015	1.85	224,435,474	112,983,803	199.00	67.00
2016	1.86	287,872,551	116,344,946	247.43	61.70
University of Southern Mississippi:					
2015	1.35	163,430,215	82,272,965	199.00	67.00
2016	1.32	204,738,145	82,745,841	247.43	61.70
University of Mississippi Medical Center:					
2015	6.76	821,435,313	413,521,568	199.00	67.00
2016	7.04	1,087,561,173	439,542,508	247.43	61.70
IHL Board Office:					
2015	0.10	13,082,977	6,586,146	199.00	67.00
2016	0.11	16,593,427	6,706,305	247.43	61.70
MCVS:					
2015	0.01	1,092,239	549,848	199.00	67.00
2016	0.01	1,231,115	503,886	244.32	61.70
2015 Total	15.24	1,850,037,000	931,333,441	199.00	67.00
2016 Total	15.54%	2,402,927,178	971,178,203	247.42%	61.70%

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of Contributions

Year ended June 30, 2016

	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered- employee payroll	Contributions as a percentage of covered- employee payroll
Alcorn State University:					
2015	4,487,694	(4,487,694)	—	28,493,295	15.75%
2016	4,578,969	(4,578,969)	—	29,072,818	15.75
Delta State University:					
2015	2,664,943	(2,664,943)	—	16,920,273	15.75
2016	2,629,908	(2,629,908)	—	16,697,827	15.75
Jackson State University:					
2015	8,271,356	(8,271,356)	—	52,516,546	15.75
2016	8,653,220	(8,653,220)	—	54,940,820	15.75
Mississippi State University:					
2015	30,812,946	(30,812,946)	—	195,637,752	15.75
2016	32,082,720	(32,082,720)	—	203,700,062	15.75
Mississippi University for Women:					
2015	2,243,470	(2,243,470)	—	14,244,254	15.75
2016	2,316,938	(2,316,938)	—	14,710,717	15.75
Mississippi Valley State University:					
2015	2,384,644	(2,384,644)	—	15,140,597	15.75
2016	2,491,943	(2,491,943)	—	15,821,863	15.75
University of Mississippi:					
2015	18,189,943	(18,189,943)	—	115,491,702	15.75
2016	18,587,600	(18,587,600)	—	118,016,509	15.75
University of Southern Mississippi:					
2015	12,934,612	(12,934,612)	—	82,124,521	15.75
2016	13,009,957	(13,009,957)	—	82,602,900	15.75
University of Mississippi Medical Center:					
2015	68,736,092	(68,736,092)	—	436,419,632	15.75
2016	71,818,771	(71,818,771)	—	455,992,197	15.75
IHL Board Office:					
2015	1,048,459	(1,048,459)	—	6,656,883	15.75
2016	959,854	(959,854)	—	6,094,318	15.75
MCVS:					
2015	78,708	(78,708)	—	499,733	15.75
2016	88,482	(88,482)	—	561,790	15.75
2015 Total	<u>151,852,867</u>	<u>(151,852,867)</u>	<u>—</u>	<u>964,145,188</u>	<u>15.75</u>
2016 Total	<u>157,218,362</u>	<u>(157,218,362)</u>	<u>—</u>	<u>998,211,821</u>	<u>15.75%</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2016

(1) Schedule of Proportionate Share of Net Pension Liability

This schedule presents historical trend information about the IHL System's proportionate share of the net pension liability for its employees who participate in the PERS. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the plan. Information related to previous years is not available, therefore, trend information will be accumulated to display a ten-year presentation.

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

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

(3) Changes in Assumptions and Benefit Terms

Changes of assumptions: In 2015, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB, rather than the RP-2000 Mortality Table that was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table that was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, in 2016 the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75 percent, respectively.

Changes of benefit terms: Amounts reported for fiscal year 2016 and 2015 reflect no changes in benefit terms.

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*

The Board of Trustees
State of Mississippi Institutions of Higher Learning:

We have audited, in accordance with the 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, 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 (the State), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise IHL System's basic financial statements, and have issued our report thereon dated December 21, 2016. Our report includes a reference to other auditors who audited the financial statements of the University of Mississippi Medical Center Education 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, as described in our report on the IHL System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

In planning and performing our audits of the financial statements, we considered the IHL System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control.

A deficiency in internal control 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, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IHL System's basic financial statements are free from 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 audits, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IHL System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IHL System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Jackson, Mississippi
December 21, 2016

**REPORT ON INTERNAL CONTROL AND COMPLIANCE IN ACCORDANCE
WITH UNIFORM GUIDANCE**

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Jackson, MS 39201-2127

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
State of Mississippi Institutions of Higher Learning:

Report on Compliance for Each Major Federal Program

We have audited the State of Mississippi Institutions of Higher Learning (IHL System) compliance with the types of compliance requirements described in the *OMB 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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the IHL System's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the IHL System's compliance.

Opinion on Each Major Federal Program

In our opinion, the IHL System complied, in all material respects, with the types of 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, 2016.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

IHL System's responses to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The IHL System's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the IHL System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the IHL System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

The IHL System's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. IHL System's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 (IHL System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 21, 2016, which contained unmodified opinions on those financial statements. Our report on the basic financial statements includes a reference to other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements, which 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Jackson, Mississippi
March 31, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

(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 (IHL System). 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 the Uniform Guidance.

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) 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, 2016, 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) 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.

The IHL System charges indirect costs based on a negotiated agreement and has not elected to use the 10% de minimis indirect cost rate as outline in the Uniform Guidance.

(2) Grantors Right to Audit

Expenditures related to federal grants and contracts are subject to adjustment based upon review by the granting agencies. Amounts of expenditures that granting agencies might disallow cannot be determined at this time. These amounts affect government grants and contract revenue as well as facilities and administrative cost recovery. The System would not expect these costs to influence the consolidated financial position or the Schedule of Expenditures of Federal Awards significantly.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
Student Financial Aid – Cluster:															
U.S. Department of Education:															
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$	4,868,297	957,594	94,697	1,204,085	1,006,348	88,551	479,663	552,929	53,310	431,120		
Federal Work-study Program (FWS)	84.033			5,889,518	495,218		1,760,708	1,022,938	164,481	649,328	865,822	20,000	543,095		
Federal Perkins Loan Program (FPL)	84.038			75,224,229			1,989,339	20,351,480	2,604,661		9,561,881	8,354,890	32,361,978		
Federal PELL Grant Program	84.063			125,297,335	10,908,916		5,610,527	22,671,623	25,423,034	5,237,923	7,327,468	21,645,922	666,671	25,805,251	
Federal Direct Student Loans	84.268			481,119,032	29,259,961	16,598,440	79,567,340	102,309,059	14,034,037	18,108,334	104,188,349	31,988,045	85,065,467		
Teacher Education Assistance for College and Higher Education Grants	84.379			162,595			19,960	128,214	6,990		7,431				
Total U.S. Department of Education				692,561,006	41,621,689	24,660,931	105,223,716	150,241,073	22,136,643	26,564,793	136,822,334	41,082,916	144,206,911		
U.S. Department of Health and Human Services:															
Health Professions Student Loans	93.342			1,751,721							1,751,721				
Total U.S. Department of Health and Human Services				1,751,721							1,751,721				
Total Student Financial Aid – Cluster				694,312,727	41,621,689	24,660,931	105,223,716	150,241,073	22,136,643	26,564,793	138,574,055	41,082,916	144,206,911		
Research and Development Cluster:															
U.S. Department of Agriculture:															
US Department of Agriculture	10.000		696,851	696,851				696,851							
Agricultural Research – Basic and Applied Research	10.001		17,206	18,324,229	64,886			10,793,888		11,479	7,461,140				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			396,588	(300)			396,888							
Wildlife Services	10.028		57,751	1,046,187				1,046,187							
Specialty Crop Block Grant Program – Farm Bill	10.170														
Grants for Agricultural Research, Special Research Grants	10.200		613,644	1,041,292				1,041,292							
Cooperative Forestry Research	10.202			1,170,609	79,414			1,091,195							
Payments to Agricultural Experiment Stations Under Hatch Act	10.203			5,541,331				5,541,331							
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			2,441,625	2,441,625										
Animal Health and Disease Research	10.207			50,179				50,179							
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210			21,595							21,595				
1890 Institution Capacity Building Grants	10.216		39,379	334,964	334,964										
Agricultural and Rural Economic Research	10.250			2,303				2,303							
Consumer Data and Nutrition Research	10.253														
Agricultural Market and Economic Research	10.290			59,054				59,054							
Integrated Programs	10.303		17,266	505,184				505,184							
Homeland Security Agriculture	10.304			26,251				26,251							
Specialty Crop Research Initiative (SCRS)	10.309														
Agriculture and food Research Initiative (AFRI)	10.310		80,350	913,267	38,925			840,683				17,002	16,657		
Sun Grant Program	10.320														
Alfalfa and Forage Research Program	10.330		4,616	28,880				28,880							
Food Safety Cooperative Agreements	10.479			63,645				63,645							
Child and Adult Food Care Program	10.558			11,121	11,121										
National Food Service Management Institute Administration and Staffing	10.587			1,220,625							1,220,625				
Forestry Research	10.652		8,942	47,662	7,857			37,045			2,760				
Wood Utilization Assistance	10.674			2,712				2,712							
Forest Health Protection	10.680		3,877	10,346				10,346							
Soil and Water Conservation	10.902			76,265	70			76,195							
Environmental Quality Incentives Program	10.912			136,559				136,559							
Technical Agricultural Assistance	10.960			23,225				23,225							
Cochran Fellowship Program-International Training-Foreign Participant	10.962			24,409				24,409							
Subtotal Direct Programs				1,539,882	34,223,822	2,978,562		22,494,002		11,479	8,706,120	17,002	16,657		
Pass through Program From:															
MS Forestry Commission Dtd 9/25/14- US Dept of Agriculture	10.000			26,955				26,955							
MS Forestry Commission Dtd 9/25/14- US Dept of Agriculture	10.000			7,698				7,698							
U.S. Forest Service – U.S. Department of Agriculture	10.000			20,273									20,273		
U.S. Forest Service – U.S. Department of Agriculture	10.000			22,624									22,624		
U.S. Forest Service – U.S. Department of Agriculture	10.000			7,909									7,909		
Agricultural Research Service – U.S. Department of Agriculture	10.000			53,898									53,898		
Total CFDA				139,357				34,653					104,704		
USDA ARS/Univ of AR Div of Ag/Agricultural Res-Basic & Applied Res	10.001		UA AES 05665-03	87,766							87,766				
USDA ARS/UCRDF/Agricultural Res-Basic & Applied Res	10.001		DAA-15-61222-1	11,883							11,883				
USDA/Univ of AR/Agricultural Research-Basic and Applied Research	10.001		UA AES 05665-03	2,368							2,368				
Total CFDA				102,017							102,017				
U.S. Forest Service – U.S. Department of Agriculture	10.010		13-CS-11080700-002		20,412								20,412		
Total CFDA					20,412								20,412		
Association of 1890 Researcher Inc	10.025		Global Certificate Project		18,397	18,397									
Bureau of Plant Industry-Plant and Animal Disease Pest Control and Animal Care	10.025		MOU DATED 6/6/14		2,312			2,312							
Bureau of Plant Industry-Plant and Animal Disease Pest Control and Animal Care	10.025		MOU DATED 6/19/15		3,352			3,352							
Bureau of Plant Industry-Plant and Animal Disease Pest Control and Animal Care	10.025		MOU DATED 6/24/15		6,605			6,605							
Bureau of Plant Industry-Plant and Animal Disease Pest Control and Animal Care	10.025		CTD 11-24-2015		3,194			3,194							
Total CFDA					33,860	18,397		15,463							
Nat'l Wildlife RC – Animal Damage Control	10.028		15-7440-1219-CA		110,763			110,763							
MS Wildlife Fisheries&Parks-Animal Damage Control	10.028		SA161020, SA161063, SA161072		27,461			27,461							
Coop Ecosystems Studies – Animal Damage Control	10.028		P14AC00384		68,145			68,145							
Total CFDA					206,369			206,369							
Mississippi Department of Agriculture	10.107		Develop of Ethnic Vegetable Crops		1,473	1,473									
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DATED 10/16/12		8,296			8,296							
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DATED 11/01/12		504			504							
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DATED 12/01/12		5,820			5,820							
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DTD 11/25/13		5,703			5,703							
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DTD 11/25/13		4,404			4,404							
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170		MOU DTD 12/9/13		9,633			9,633							

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	CTD 11-18-2014	\$ 1,973	1,973	—	—	—	1,973	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	CTD 11-18-2014	—	10,991	—	—	—	10,991	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	MOU W/MDAC 11/18/14	—	7,503	—	—	—	7,503	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	CTD 11-20-2015	—	2,092	—	—	—	2,092	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	CTD 11-20-2015	—	9,277	—	—	—	9,277	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	MOU SIGNED 11/30/15	—	753	—	—	—	753	—	—	—	—	—	—	—
MDAC – Specialty Crop Block Grant Program – Farm Bill	10.170	MOU W/MDAC 11/18/14	2,500	5,387	—	—	—	5,387	—	—	—	—	—	—	—
Total CFDA			2,500	72,336				72,336							
U.S. Forest Service – U.S. Department of Agriculture	10.200	12-CS-11080700-003	—	38,718	—	—	—	—	—	—	—	—	38,718	—	—
U.S. Forest Service – U.S. Department of Agriculture	10.200	15-CS-11080700-001	—	1,036	—	—	—	—	—	—	—	—	1,036	—	—
Colorado State Univ – Grants for Agricultural Research Special Research Grants	10.200	G-1486-1	—	2,557	—	—	—	2,557	—	—	—	—	—	—	—
Colorado State Univ – Grants for Agricultural Research Special Research Grants	10.200	G-14901-1	—	22,437	—	—	—	22,437	—	—	—	—	—	—	—
Colorado State Univ – Grants for Agricultural Research Special Research Grants	10.200	G-89701-1	—	7,597	—	—	—	7,597	—	—	—	—	—	—	—
Total CFDA				72,345				32,591					39,754		
USDA NIFA/LIG Sciences/Small Business Innovation Research	10.212	2013-33610-21201	—	1,240	—	—	—	—	—	—	1,240	—	—	—	—
USDA/Delta L&C/Sustainable Agriculture Research and Education	10.215	RD309-125/4942806	—	9,840	—	—	—	—	—	—	9,840	—	—	—	—
Virginia Polytech – Sustainable Agriculture Research and Education	10.215	417544-19222	—	3,415	—	—	—	3,415	—	—	—	—	—	—	—
Univ of GA – Sustainable Agriculture Research and Education	10.215	RD316-383/4708848	—	13,582	—	—	—	13,582	—	—	—	—	—	—	—
Total CFDA				26,837				16,997			9,840				
Michigan State Univ – Higher Education Challenge Grants	10.217	RC104373B 2014-70003-22363	—	9,147	—	—	—	9,147	—	—	—	—	—	—	—
NCSU – Biotechnology Risk Assessment Research	10.219	2014-2219-02	—	39,191	—	—	—	39,191	—	—	—	—	—	—	—
USDA/Univ of KY Res Fdn/Food Assistance & Nutrition Research Programs	10.253	3048110944-14-162	13,543	21,472	—	—	—	—	—	21,472	—	—	—	—	—
Kansas State University – Initiative for Future Ag and Food Systems	10.303	S14057	—	50,406	—	—	—	50,406	—	—	—	—	—	—	—
Brigham Young Univ – Specialty Crop Research Initiative (SCRS)	10.309	12-0347	(3,057)	19,274	—	—	—	19,274	—	—	—	—	—	—	—
The Ohio State University – U.S. Department of Agriculture	10.310	60050039	—	10,072	—	—	—	—	—	—	—	—	10,072	—	—
Univ of Neb – Agriculture and Food Research Initiative (AFRI)	10.310	25-6239-0235-313	—	87,609	—	—	—	87,609	—	—	—	—	—	—	—
Univ of Minnesota – Agriculture and Food Research Initiative (AFRI)	10.310	H004401002 2015-68003-22972	—	97,285	—	—	—	97,285	—	—	—	—	—	—	—
Kansas St – Agriculture and Food Research Initiative (AFRI)	10.310	S15221 2015-67028-23518	—	7,278	—	—	—	7,278	—	—	—	—	—	—	—
Univ of TN, Knoxville – Agriculture and Food Research Initiative (AFRI)	10.310	8500031746	—	42,683	—	—	—	42,683	—	—	—	—	—	—	—
University of Vermont – Agriculture and Food Research Initiative (AFRI)	10.310	28987SLBS1702	—	1,668	—	—	—	1,668	—	—	—	—	—	—	—
Univ of FL-Agriculture and food Research Initiative (AFRI)	10.310	UF11096	—	52,436	—	—	—	52,436	—	—	—	—	—	—	—
Total CFDA				299,031				288,959					10,072		
Ohio State Univ-Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	60038220	—	213,869	—	—	—	213,869	—	—	—	—	—	—	—
South Dakota State Univ – Sun Grant Program	10.320	3TU114	—	(65)	—	—	—	—	—	—	—	—	—	—	—
University of Tennessee – Sun Grant Program	10.320	8500032075	11,510	54,363	—	—	—	54,363	—	—	—	—	—	—	—
Total CFDA			11,510	54,298				54,298							
Univ of FL – National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328	UFDSP0001137	—	2,103	—	—	—	2,103	—	—	—	—	—	—	—
MDHS – US Dept of Agricultural	10.561	MOU DATED 12/08/14	—	2,284,921	—	—	—	2,284,921	—	—	—	—	—	—	—
MDHS – US Dept of Agricultural	10.561	MOU DTD 10/30/15	—	2,160,412	—	—	—	2,160,412	—	—	—	—	—	—	—
Total CFDA				4,445,333				4,445,333							
MDHS-Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	MOU DTD 10/30/15	—	479,247	—	—	—	479,247	—	—	—	—	—	—	—
MDHS-Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	MOA DTD 5-26-16	—	141,110	—	—	—	141,110	—	—	—	—	—	—	—
Total CFDA				620,357				620,357							
U.S. Forest Service – U.S. Department of Agriculture	10.652	11-CS-11080700-002	—	15,605	—	—	—	—	—	—	—	—	15,605	—	—
Univ of Washington- Urban and Community Forestry Program (B)	10.675	741537	—	(7,560)	—	—	—	(7,560)	—	—	—	—	—	—	—
MS Forestry Comm -Forest Health Protection (A,B)	10.680	CONTRACT DTD 11/22/13	—	(126)	—	—	—	(126)	—	—	—	—	—	—	—
MS Forestry Comm – Forest Health Protection (A,B)	10.680	DTD 6/26/13	—	11,069	—	—	—	11,069	—	—	—	—	—	—	—
MS Forestry Comm – Forest Health Protection (A,B)	10.680	CONTRACT DTD 2/3/14	—	1,878	—	—	—	1,878	—	—	—	—	—	—	—
Total CFDA				12,821				12,821							
Memphis Zoo – International Forestry Programs	10.684	CTD 6-17-2016	—	16,781	—	—	—	16,781	—	—	—	—	—	—	—
TAMU-Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	06-S150643	—	15,625	—	—	—	15,625	—	—	—	—	—	—	—
LSU-Ag Center – Environmental Quality Incentives Program	10.912	95275	—	1,490	—	—	—	1,490	—	—	—	—	—	—	—
Mike Graves – Environmental Quality Incentives Program	10.912	S14000932	—	27,393	—	—	—	27,393	—	—	—	—	—	—	—
Total CFDA				28,883				28,883							
Subtotal Pass through Programs				24,496	6,532,882	19,870		6,187,896			134,569		190,547		
Total U.S. Department of Agriculture			1,564,378	40,756,704	2,998,432			28,681,898		11,479	8,840,689	17,002	207,204		
U.S. Department of Commerce:															
U.S. Department of Commerce	11.000		—	196,690	—	—	—	196,690	—	—	—	—	—	—	—
Sea Grant Support	11.417		28,782	357,118	—	—	—	—	—	—	357,118	—	—	—	—
Fisheries Development and Utilization Research and	11.427		3,698	57,624	—	—	—	57,624	—	—	—	—	—	—	—
Undersea Research	11.430		178,263	246,379	—	—	—	—	—	—	246,379	—	—	—	—
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		4,373,908	4,703,432	—	—	—	4,703,432	—	—	—	—	—	—	—
Habitat Conservation	11.463		54,336	54,366	—	—	—	—	—	—	—	—	54,366	—	—
Weather and Air Quality Research	11.459		—	48,582	—	—	—	48,582	—	—	—	—	—	—	—
Unallied Science Program	11.472		—	39,752	—	—	—	—	—	39,752	—	—	—	—	—
NOAA Programs for Disaster Relief Appropriations Act – Non-construction and Construction	11.483		53,514	337,098	—	—	—	337,098	—	—	—	—	—	—	—
Measurement and Engineering Research and Standards	11.609		—	100,759	—	—	—	—	—	—	100,759	—	—	—	—
Congressionally Identified Projects	11.617		—	7,120,236	—	—	—	—	—	—	—	7,120,236	—	—	—
Science, Technology, Business and/or Education Outreach	11.620		—	29,238	—	—	29,238	—	—	—	—	—	—	—	—
Subtotal Direct Programs				4,692,501	13,291,274			29,238			744,008	7,120,236	54,366		

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCSVs
Pass through Program From:															
National Aeronautics and Space Admin – U.S. Department of Commerce	11.000	NNS11AA67T	\$ —	(10,881)	—	—	—	—	—	—	—	—	(10,881)	—	—
Siratus Consulting, Inc. – U.S. Department of Commerce	11.000	Z200-2S-1857	—	67,222	—	—	—	—	—	—	—	—	67,222	—	—
National Marine Fisheries Service – U.S. Department of Commerce	11.000	WC-133F-13-SE-1542	—	14,636	—	—	—	—	—	—	—	—	14,636	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.000	NA14OAR4170098	—	28,079	—	—	—	—	—	—	—	—	28,079	—	—
MS Department of Marine Resources – U.S. Department of Commerce	11.000	2015	—	12,422	—	—	—	—	—	—	—	—	12,422	—	—
Total CFDA			—	111,478	—	—	—	—	—	—	—	—	111,478	—	—
Texas A & M Foundation – U.S. Department of Commerce	11.012	S120008	—	111,833	—	—	—	—	—	—	—	—	111,833	—	—
National Marine Fisheries Service – U.S. Department of Commerce	11.145	NA14NMF4540062	—	50,338	—	—	—	—	—	—	—	—	50,338	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.400	NA12NOS4000014	—	4,720	—	—	—	—	—	—	—	—	4,720	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.400	NA13NOS4000166	1,029,677	2,298,152	—	—	—	—	—	—	—	—	2,298,152	—	—
Total CFDA			1,029,677	2,302,872	—	—	—	—	—	—	—	—	2,302,872	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.417	NA10OAR4170078	—	225,193	—	—	—	—	—	—	—	—	225,193	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.417	NA10OAR4170229	67,002	237,524	—	—	—	—	—	—	—	—	237,524	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.417	NA14OAR4170098	1,401,782	1,401,782	—	—	—	—	—	—	—	—	1,401,782	—	—
Total CFDA			1,468,784	1,864,499	—	—	—	—	—	—	—	—	1,864,499	—	—
MDMR – Coastal Zone Management Estuarine Research Reserves	11.420	15-002	—	49,561	—	—	—	49,561	—	—	—	—	—	—	—
National Marine Fisheries Service – U.S. Department of Commerce	11.427	NA15NMF4270326	—	38,245	—	—	—	—	—	—	—	—	38,245	—	—
National Marine Fisheries Service – U.S. Department of Commerce	11.427	NA15NMF4270333	—	38,748	—	—	—	—	—	—	—	—	38,748	—	—
Texas A & M – U.S. Department of Commerce	11.427	10-S151015	—	166	—	—	—	—	—	—	—	—	166	—	—
Texas A & M – U.S. Department of Commerce	11.427	10-S151016	—	3,369	—	—	—	—	—	—	—	—	3,369	—	—
Total CFDA			—	80,528	—	—	—	—	—	—	—	—	80,528	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.433	NA14NMF4330222	—	106,082	—	—	—	—	—	—	—	—	106,082	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.435	NA11NMF4350038	—	450,028	—	—	—	—	—	—	—	—	450,028	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.451	NA15NOS4510224	—	9,339	—	—	—	—	—	—	—	—	9,339	—	—
National Oceanic and Atmospheric Admin – U.S. Department of Commerce	11.454	NA14NMF4540064	46,361	49,341	—	—	—	—	—	—	—	—	49,341	—	—
Florida A&M University -A Regional Ecosystem Approach	11.481	NA11SEC4810001-003499	—	(4,980)	—	—	(4,980)	—	—	—	—	—	—	—	—
Florida A&M University -A Regional Ecosystem Approach	11.481	FAMU-003499-C-4253	—	205,611	—	—	205,611	—	—	—	—	—	—	—	—
Howard University – FY12 NOAA Center for Atmospheric St	11.481	0007342-1000035607/1000041743	—	652	—	—	652	—	—	—	—	—	—	—	—
Howard University – FY14 NOAA Center for Atmospheric St	11.481	0007342-1000047834/47835	—	271	—	—	271	—	—	—	—	—	—	—	—
Howard University – FY15 NOAA Center for Atmospheric St	11.481	0007342-100035607	—	182,503	—	—	182,503	—	—	—	—	—	—	—	—
Total CFDA			—	384,057	—	—	384,057	—	—	—	—	—	—	—	—
Univ of Connecticut – NOAA Prg for Disaster Relief App. Act	11.483	47024	—	522	—	—	—	522	—	—	—	—	—	—	—
National Institute of Standards & Techno – U.S. Department of Commerce	11.609	70NANB12H191	—	97,638	—	—	—	—	—	—	—	—	97,638	—	—
Innovate MEP Mississippi – U.S. Department of Commerce	11.611	MEP2015-2	—	1,473	—	—	—	—	—	—	—	—	1,473	—	—
Innovated Ms – Manufacturing Extension Partnership	11.611	MEP2015-4	—	(4,470)	—	—	—	(4,470)	—	—	—	—	—	—	—
Innovated Ms – Manufacturing Extension Partnership	11.611	MEP2016-4	—	305,906	—	—	—	305,906	—	—	—	—	—	—	—
Total CFDA			—	302,909	—	—	—	301,436	—	—	—	—	1,473	—	—
Subtotal Pass through Programs			2,544,822	5,971,025	—	—	384,057	351,519	—	—	—	—	5,235,449	—	—
Total U.S. Department of Commerce			7,237,323	19,262,299	—	—	413,295	5,694,945	—	—	744,008	7,120,236	5,289,815	—	—
U.S. Department of Defense:															
US Department of Defense	12.000		816,259	7,124,963	—	—	1,658,522	5,292,505	—	—	109,474	64,462	—	—	—
U.S. Department of Defense	12.000		—	2,103,042	—	—	8,362	684,669	—	—	1,410,011	—	—	—	—
Basic and Applied Scientific Research	12.300		255,266	1,810,957	—	—	437,316	623,619	—	—	750,022	—	—	—	—
Basic Scientific Research – Combating Weapons of Mass Destruction	12.351		—	7,872	—	—	—	7,872	—	—	—	—	—	—	—
Military Medical Research and Development	12.420		458,640	1,617,537	—	—	—	—	—	—	1,121,206	496,131	—	—	—
Basic Scientific Research	12.431		100,369	2,710,724	—	—	—	—	—	—	290,586	—	—	—	—
Centers for Academic Excellence	12.598		104,818	165,162	20,914	—	231,709	2,167,515	—	—	—	—	—	—	—
Basic, Applied, and Advanced Research in Science and Engineering	12.630		58,688	5,186,505	185,448	—	1,080,196	3,875,896	—	—	—	—	—	—	—
Air Force Defense Research Sciences Program	12.800		29,767	122,092	—	—	65,882	56,210	—	—	—	—	—	—	—
Mathematical Sciences Grants Program	12.901		—	18,825	—	—	—	—	—	—	—	—	18,825	—	—
Information Security Grant Program	12.902		—	227,555	—	—	—	227,555	—	—	—	—	—	—	—
Subtotal Direct Programs			1,823,807	21,095,034	206,362	—	3,481,987	12,935,841	—	—	3,910,251	560,593	—	—	—
Pass through Program From:															
U.S. Army Eng Research & Development Ctr – U.S. Department of Defense	12.000		—	3,867	—	—	—	—	—	—	—	—	3,867	—	—
U.S. Army Eng Research & Development Ctr – U.S. Department of Defense	12.000		—	10,594	—	—	—	—	—	—	—	—	10,594	—	—
Science Applications Int 1 Corporation – U.S. Department of Defense	12.000	P010142737	—	26,870	—	—	—	—	—	—	—	—	26,870	—	—
University of Dayton research Institute – U.S. Department of Defense	12.000	P1401160	—	5,948	—	—	—	—	—	—	—	—	5,948	—	—
UES – U.S. Department of Defense	12.000	S-875-020-013	—	30,859	—	—	—	—	—	—	—	—	30,859	—	—
Battelle Memorial Institute – U.S. Department of Defense	12.000	US001-0000503852	—	49,556	—	—	—	—	—	—	—	—	49,556	—	—
Army Research Office – U.S. Department of Defense	12.000	W911NF-15-2-0048	—	54,687	—	—	—	—	—	—	—	—	54,687	—	—
U.S. Department of the Army – U.S. Department of Defense	12.000	W911QY-15-C0038	—	2,804,047	—	—	—	—	—	—	—	—	2,804,047	—	—
U.S. Army Corps of Engineers – U.S. Department of Defense	12.000	W912HZ-12-C-0045	—	171,977	—	—	—	—	—	—	—	—	171,977	—	—
US DOD AFRL/Combustion Research and Flow Technology	12.000	14-C-2515/C605	—	113,299	—	—	—	—	—	—	—	113,299	—	—	—
US DOD DTRA/Applied Research Associates	12.000	P014L-00747/S-002206	—	117,413	—	—	—	—	—	—	—	—	117,413	—	—
US DOD NAWCAD/Combustion Research and Flow Technology	12.000	15-C-0248/C628	—	22,000	—	—	—	—	—	—	—	—	22,000	—	—
US DOD NAWCAD/Combustion Research and Flow Technology	12.000	14-C-0034/CS81	—	12,439	—	—	—	—	—	—	—	—	12,439	—	—
US DOD NSWC/Dingity Corporation	12.000	4143-44 PO EGL000482	—	79,990	—	—	—	—	—	—	—	—	79,990	—	—
US DOD US Army/Dynetics/Infrasound Sensor	12.000	DI-SC-15-01; TO 0001	—	814,910	—	—	—	—	—	—	—	—	814,910	—	—
US DOD US Army/Army Engineer Research and Development Center	12.000	S-002206.02.UM Mod 4	—	48,304	—	—	—	—	—	—	—	—	48,304	—	—
US DOD USARO/Combustion Research and Flow Technology	12.000	14-C-0122/C608	—	132,959	—	—	—	—	—	—	—	—	132,959	—	—
US DOD DTRA/Nuclear Capabilities Services	12.000	634B60	—	40,922	—	—	—	—	—	—	—	—	40,922	—	—
CFDRC – US Dept of Defense	12.000	20120287	—	(5,472)	—	—	—	(5,472)	—	—	—	—	—	—	—
Neany Inc. – US Dept of Defense	12.000	20130501-P0162-01	—	109,046	—	—	—	—	—	—	—	—	109,046	—	—
United Silicon Carbide – US Dept of Defense	12.000	AGREEMENT USCI002V7A02	—	43,161	—	—	—	43,161	—	—	—	—	—	—	—

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MUW</u>	<u>MYSU</u>	<u>UM</u>	<u>UMMC</u>	<u>USM</u>	<u>IHL Board Office</u>	<u>M CVS</u>
Camgian Microsys – US Dept of Defense	12.000	MSU-02-02102014	\$ (549)	(549)				(549)							
Circadence – US Dept of Defense	12.000	14-003-01 / TASK ORDER 001		104,507				104,507							
Dynamic Res. Corp – US Dept of Defense	12.000	PO-0007025 RELEASE 04 TO#016		11,784				11,784							
Leidos – US Dept of Defense	12.000	SUBCONTRACT NO. P010164210		(5,535)				(5,535)							
Clarkson Aerospace Corp – US Dept of Defense	12.000	14-S7700-02-C2		100,929				100,929							
Circadence – US Dept of Defense	12.000	W31PAQ-14-D-A001 TO#0006		291,807				291,807							
Univ Tech Corp – US Dept of Defense	12.000	15-S2606-04-C26		66,780				66,780							
Tetra Research Corp – US Dept of Defense	12.000	TRC-SBIR-III-15		26,796				26,796							
Engility – US Dept of Defense	12.000	PO-007025 REL-07		22,856				22,856							
Karagozian & Case – US Dept of Defense	12.000	MSU2293		22,539				22,539							
ATA Engineering – US Dept of Defense	12.000	10/06/2015		145,048				145,048							
Securboracion Inc. – US Dept of Defense	12.000	CONTRACT DATED 02/10/2016		103,379				103,379							
Clarkson Aerospace Corp – US Dept of Defense	12.000	MISS 15-S7700-02-C2		20,461				20,461							
Leidos – US Dept of Defense	12.000	P010182199		1,042				1,042							
Clarkson Aerospace Corp – US Dept of Defense	12.000	MISS 16-S7700-04-C2		21,739				21,739							
Technology Student Association – Research & Engineering Apprenticeship 16-17	12.000	W911SR-15-2-0001		13,020			13,020								
Mississippi Military Department – U.S. Department of Defense	12.000	PO# 4000149821		593				593							
Technology Student Association – Army Educational Outreach Program	12.000	W911SR-15-2-0001		11,799			11,799								
TSMO-US Army – US Dept of Defense	12.000	AGREEMENT DTD 7/8/14		8,195				8,195							
SAIC – US Dept of Defense	12.000	PO102071441/1		(295)				(295)							
Engility – US Dept of Defense	12.000	017(BY14-076SP)		12,587				12,587							
MIC-C – US Dept of Defense	12.000	W9124D-15-C-0019		325,657				325,657							
Engility – US Dept of Defense	12.000	HPTI-PETT-MSU TO18		79,288				79,288							
Neany Inc. IPA Agreement – US Dept of Defense	12.000	20151013-P0380		196,996				196,996							
Total CFDA				6,268,799			24,819	1,702,746			1,382,236		3,158,998		
Office of Naval Research – U.S. Department of Defense	12.300	N00014-15-1-2288		119,418									119,418		
Office of Naval Research – U.S. Department of Defense	12.300	N00173-09-2-C903		250,134									250,134		
Naval Research Laboratory – U.S. Department of Defense	12.300	N00173-14-2-C902		297,878									297,878		
Princeton University – U.S. Department of Defense	12.300	SUB0000034		16,914									16,914		
Univ of Iowa – Basic and Applied Scientific Research	12.300	W000468556		21,711				21,711							
Office of Naval Research – U.S. Department of Defense	12.330	N00014-15-1-2441		168,365									168,365		
Total CFDA				874,420				21,711					852,709		
Defense Threat Reduction Agency – U.S. Department of Defense	12.351	HDTRA1-14-1-0012		145,447									145,447		
Johns Hopkins Univ. – Basic Scientific Research-Combating Weapons of Mass Destruction	12.351	2002697222		27,417				27,417							
Total CFDA				172,864				27,417					145,447		
Florida State University – U.S. Department of Defense	12.420	R01661		134,602									134,602		
Creighton University Medical Center – 2014 Prostate Cancer Genetics	12.420	W81XWH-11-10566		27,988			27,988								
Denver Research Institute – Military Medical Research and Development	12.420	MSRC-FY13-019		516,252							516,252				
Total CFDA				678,842			27,988					516,252	134,602		
Army Research Office – U.S. Department of Defense	12.431	W911NF-11-1-0124		582									582		
Army Research Office – U.S. Department of Defense	12.431	W911NF-16-1-0060		28,274									28,274		
US DOD US Army/NCATSU/Basic Scientific Research	12.431	210132A		113,093							113,093				
Total CFDA				141,949							113,093		28,856		
Office of Naval Research – U.S. Department of Defense	12.800	FA7000-10-2-0014		59,357									59,357		
United States Air Force Academy – U.S. Department of Defense	12.800	FA7000-12-2-0016		1,998,707									1,998,707		
Office of Naval Research – U.S. Department of Defense	12.800	FA7000-13-2-0022		358,380									358,380		
United States Air Force Academy – U.S. Department of Defense	12.800	FA7000-14-2-0011		133,862									133,862		
Air Force Office of Scientific Research – U.S. Department of Defense	12.800	FA9550-13-1-0103		90,244									90,244		
Clarkson Aerospace Corp – AFRL Collaboration Program	12.800	JACK 13-S7700-01-C2		47,283			47,283								
Total CFDA				2,687,833			47,283						2,640,550		
Subtotal Pass through Programs				10,824,707			100,090	1,751,874			1,495,329	516,252	6,961,162		
Total U.S. Department of Defense				1,823,807	31,919,741	206,362		3,582,077	14,687,715		5,405,580	1,076,845	6,961,162		
U.S. Department of Housing and Urban Development: Pass through Program From:															
Atkins-U.S. Dept of Housing & Urban Development	14.000	100018536		—											
Greenwood-Leflore-Transformation Initiative: Choice Neighborhoods Demonstration Small Research Grant Program	14.008	14-2		7,674				7,674							
Rural LIHC – Section 4 Capacity Building for Affordable Housing and Community Development Grants	14.252	P.A. NO. 46844-0001		8,150				8,150							
Subtotal Pass through Programs				15,824				15,824							
Total U.S. Department of Housing and Urban Development				15,824				15,824							
U.S. Department of Interior: Wildland Fire Research and Studies Program	15.232		79,077	124,273				124,273							
Marine Gas Hydrate Research Activities	15.428		66,875	176,230							176,230				
SECURE Water Act – Research Agreements	15.560			73,435							73,435				
Fish and Wildlife Management Assistance	15.608		8,390	69,005				56,465			12,540				
Migratory Bird Joint Ventures (B,C)	15.637		667,906	849,289				15,637							
Research Grants (Generic)	15.650			46,884				46,884							
Endangered Species – Conservation Recovery Implementation Funds	15.657			921				921							
Adaptive Science	15.670		58,415	435,728				435,728							
Assistance to State Water Resources Research Institutes	15.805		80,648	92,970				92,970							
Geological Survey Research and Data Acquisition	15.808			55,996				39,379			16,617				
Cooperative Research Units Program (CRUP)	15.812			162,520				162,520							
Cooperative Research and Training Programs – Resources of the National Park System	15.945			56,599				56,599							
Subtotal Direct Programs				961,311	2,143,850			1,865,028			278,822				

**State of Mississippi Institutions of Higher Learning
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From:															
U. S. Geological Survey – U.S. Department of the Interior	15.000	G12PX00251	\$ —	18,720	—	—	—	—	—	—	—	—	18,720	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.000	S-12-USM/GCRL-GOMESA	—	138,731	—	—	—	—	—	—	—	—	138,731	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.000	S-16USM-GCRL-F131-16	—	98,019	—	—	—	—	—	—	—	—	98,019	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.000	S-16USM-GCRL-F132-16	—	16,939	—	—	—	—	—	—	—	—	16,939	—	—
Total CFDA				272,409									272,409		
JFSP/BLM (DOI) – Wildland Fire Research and Studies Program	15.232	L13AC00271	—	62,750	—	—	—	62,750	—	—	—	—	—	—	—
LSU Ag Ctr – Louisiana State University(LSU) Coastal Marine Institute (CMI)	15.422	102112	—	25,386	—	—	—	25,386	—	—	—	—	—	—	—
LSU Ag Ctr – Louisiana State University(LSU) Coastal Marine Institute (CMI)	15.422	AGREEMENT DATED 10/6/15	—	1,030	—	—	—	1,030	—	—	—	—	—	—	—
Total CFDA				26,416				26,416							
University of New Orleans – U.S. Department of the Interior	15.423	158	—	60,662	—	—	—	—	—	—	—	—	60,662	—	—
Louisiana Dept of Wildlife & Fisheries – U.S. Department of the Interior	15.605	718119	—	2,651	—	—	—	—	—	—	—	—	2,651	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.605	S15-USMGCRLF131-15-1	—	99,342	—	—	—	—	—	—	—	—	99,342	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.605	S15-USMGCRL-F-132-15	—	49,006	—	—	—	—	—	—	—	—	49,006	—	—
MDWFP – Sport Fish Restoration Program	15.605	PD464140006F	—	37,038	—	—	—	37,038	—	—	—	—	—	—	—
TPWD – Sport Fish Restoration Program	15.605	452048	—	3,431	—	—	—	3,431	—	—	—	—	—	—	—
Kentucky Fish&Wildlife – Sport Fish Restoration Program	15.605	1400003463	—	48,006	—	—	—	48,006	—	—	—	—	—	—	—
Texas P & WL Dept – Sport Fish Restoration Program	15.605	455962	—	6,401	—	—	—	6,401	—	—	—	—	—	—	—
MWFPF – Sport Fish Restoration Program	15.605	CONTRACT DTD 12/16/14	—	26,491	—	—	—	26,491	—	—	—	—	—	—	—
MDWFP – Sport Fish Restoration Program	15.605	CTD-04-01-15	—	48,666	—	—	—	48,666	—	—	—	—	—	—	—
Total CFDA				321,032				170,033					150,999		
US DOI USFWS/Univ of MD/Fish and Wildlife Management Assistance	15.608	SA7528131-J; PO14529	—	6,390	—	—	—	—	—	—	6,390	—	—	—	—
MI DNR – Wildlife Restoration	15.611	751B2200001	—	303,207	—	—	—	303,207	—	—	—	—	—	—	—
MDWFP – Wildlife Restoration	15.611	PD464141120	—	88,825	—	—	—	88,825	—	—	—	—	—	—	—
Puerto Rico – Wildlife Restoration	15.611	2015-000090	—	42,499	—	—	—	42,499	—	—	—	—	—	—	—
AL Division of Wildlife – Wildlife Restoration	15.611	CA DATED 7/24/15	—	11,852	—	—	—	11,852	—	—	—	—	—	—	—
LA Wildlife & Fisheries – Wildlife Restoration	15.611	2000127192	—	25,904	—	—	—	25,904	—	—	—	—	—	—	—
MDWFP – Wildlife Restoration	15.611	STUDY # 65	—	241	—	—	—	241	—	—	—	—	—	—	—
Total CFDA				472,528				472,528							
MS Dept of Wildlife Fisheries & Parks – U.S. Department of the Interior	15.615		—	2,215	—	—	—	—	—	—	—	—	2,215	—	—
MWFP Fndn – Partners for Fish and Wildlife ©	15.631	AGREEMENT DTD 6/11/13	—	1,724	—	—	—	1,724	—	—	—	—	—	—	—
MDWFP – Partners for Fish and Wildlife	15.631	CHECK DATED 1/7/16	—	71,047	—	—	—	71,047	—	—	—	—	—	—	—
MDWFP – Partners for Fish and Wildlife	15.631	CHECK DATED 1/8/16	—	12,891	—	—	—	12,891	—	—	—	—	—	—	—
Total CFDA				85,662				85,662							
U.S. Fish and Wildlife Service – U.S. Department of the Interior	15.632	FA07AP00026	—	816	—	—	—	—	—	—	—	—	816	—	—
U.S. Fish and Wildlife Service – U.S. Department of the Interior	15.632	F09AP00072	—	10,882	—	—	—	—	—	—	—	—	10,882	—	—
Total CFDA				11,698									11,698		
Ducks Unlimited – Migratory Bird Joint Ventures(B,C)	15.637	US-MS-105-1	—	30,400	—	—	—	30,400	—	—	—	—	—	—	—
U.S. Fish and Wildlife Service – U.S. Department of the Interior	15.637	F12AP00849	—	9,735	—	—	—	—	—	—	—	—	9,735	—	—
Total CFDA				40,135				30,400					9,735		
Michigan State Univ. – Great Lakes Restoration	15.662	258819	—	7,643	—	—	—	7,643	—	—	—	—	—	—	—
MS Department of Marine Resources – U.S. Department of the Interior	15.668	CIAP-MS.R.727	—	1,348	—	—	—	—	—	—	—	—	1,348	—	—
MDMR – Coastal Impact Assistance Program	15.668	MS.R.740	—	30,430	—	—	—	30,430	—	—	—	—	—	—	—
AL Dept Con & Nat Res – Coastal Impact Assistance Program	15.668	AL-11-A1	—	10,721	—	—	—	10,721	—	—	—	—	—	—	—
Total CFDA				42,499				41,151					1,348		
CESU – Adaptive Science	15.670	F13AC00975	—	9,708	—	—	—	9,708	—	—	—	—	—	—	—
U. S. Geological Survey – U.S. Department of the Interior	15.808	G15AC00510	—	8,214	—	—	—	—	—	—	—	—	8,214	—	—
US DOI USGS/AmericaView/Natl Land Remote Sensing-Educ Outreach & Res	15.815	G14AP00002	—	23,696	—	—	—	—	—	—	23,696	—	—	—	—
GC-CESU – Cooperative Research and Training Programs Resources of the NPS	15.945	P15AC01024	—	15,549	—	—	—	15,549	—	—	—	—	—	—	—
Subtotal Pass through Programs				1,469,206				921,840			30,086		517,280		
Total U.S. Department of Interior			961,311	3,613,056				2,786,868			308,908		517,280		
U.S. Department of Justice:															
Enhancing Law Enforcement Response	16.000		—	34,681	—	—	—	34,681	—	—	—	—	—	—	—
State Justice Statistics Program for Statistical Analysis Centers	16.550		—	20,297	—	—	—	—	—	—	—	—	20,297	—	—
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		168,964	559,632	—	—	—	559,632	—	—	—	—	—	—	—
Collection of Biofeature Data 2010	16.580		—	10	10	—	—	—	—	—	—	—	—	—	—
Subtotal Direct Programs			168,964	614,620	10			594,313					20,297		
Pass through Program From:															
MS Dept of Pub. Safety – US Dept of Justice	16.000	DMC Report	—	11,380	—	—	—	11,380	—	—	—	—	—	—	—
National Inst Corr – Corrections Training and Staff Development	16.601	14RE07GKS6	—	22,509	—	—	—	22,509	—	—	—	—	—	—	—
Boys and Girls Club – Byrne Criminal Justice Innovation Program	16.817	BGCEM DOJ 2015-AJ-BX-0020	—	16,338	—	—	—	16,338	—	—	—	—	—	—	—
USDOJ Bureau of Justice Statistics – U.S. Department of Justice	16.550	2015-BJ-CX-K044	—	137	—	—	—	—	—	—	—	—	137	—	—
Florida International University – U.S. Department of Justice	16.560	800001864-01	—	3,317	—	—	—	—	—	—	—	—	3,317	—	—
Subtotal Pass through Programs				53,681				50,227					3,454		
Total U.S. Department of Justice			168,964	668,301	10			644,540					23,751		

**State of Mississippi Institutions of Higher Learning
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of Labor:															
Pass through Program From:															
MDES - WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261	CONTRACT DTD 12/15/14	\$ ---	281,485	---	---	---	281,485	---	---	---	---	---	---	---
Bossier Parish Comm College - TAACCT	17.282	CONTRACT DTD 7/19/13	---	89,911	---	---	---	89,911	---	---	---	---	---	---	---
EMCC - Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	17.282	CONTRACT DTD 4/22/14	---	15,179	---	---	---	15,179	---	---	---	---	---	---	---
ECCC - Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	17.282	AGREEMENT DTD 4/8/15	---	14,751	---	---	---	14,751	---	---	---	---	---	---	---
Subtotal Pass through Programs			---	401,326	---	---	---	401,326	---	---	---	---	---	---	---
Total U.S. Department of Labor			---	401,326	---	---	---	401,326	---	---	---	---	---	---	---
U.S. Department of State:															
Biosistical Consulting Center	19.000		---	11,705	---	---	11,705	---	---	---	---	---	---	---	---
Total U.S. Department of State			---	11,705	---	---	11,705	---	---	---	---	---	---	---	---
U.S. Department of Transportation:															
Air Transportation Centers of Excellence	20.109		---	1,103,068	---	---	---	1,103,068	---	---	---	---	---	---	---
Highway Training and Education	20.215		---	15,458	---	---	---	15,458	---	---	---	---	---	---	---
University Transportation Centers Program	20.701		750,431	1,027,825	---	---	573	1,027,252	---	---	---	---	---	---	---
Subtotal Direct Programs			750,431	2,146,351	---	---	573	2,145,778	---	---	---	---	---	---	---
Pass through Program From:															
MDOT - US Dept of Transportation	20.000	104558 121000	12,531	12,531	---	---	---	12,531	---	---	---	---	---	---	---
Leidos - US Dept of Transportation	20.000	P010167339	---	33,563	---	---	---	33,563	---	---	---	---	---	---	---
Leidos - US Dept of Transportation	20.000	P010168659 MOD 2	---	41,992	---	---	---	41,992	---	---	---	---	---	---	---
MDOT - US Dept of Transportation	20.000	SPR-1(65)/106460-110000	---	29,369	---	---	---	29,369	---	---	---	---	---	---	---
Total CFDA			12,531	117,455	---	---	---	117,455	---	---	---	---	---	---	---
MDOT - US Dept of Transportation	20.200	MS Summer Transportation Institute	---	(263)	(263)	---	---	---	---	---	---	---	---	---	---
MDOT - Highway Planning and Construction	20.205	MOA with MDOT /South Campus Entrance	---	3,193,713	---	---	---	3,193,713	---	---	---	---	---	---	---
MDOT - Highway Planning and Construction	20.205	SPR-1(66)/106461-182000	---	(601)	---	---	---	(601)	---	---	---	---	---	---	---
MDOT - Highway Planning and Construction	20.205	SPR-1(98)/107167-190000	---	473	---	---	---	473	---	---	---	---	---	---	---
MDOT - Highway Planning and Construction	20.205	106266 169000 SS#250 MSU200734	9,901	14,320	---	---	---	14,320	---	---	---	---	---	---	---
MDOT - Highway Planning and Construction	20.205	SPR-1(65)/106460-110000	---	33,825	---	---	---	33,825	---	---	---	---	---	---	---
Total CFDA			9,901	3,241,730	---	---	---	3,241,730	---	---	---	---	---	---	---
MS Dept Public Safety - Safety Data Improvement Program	20.234	CONTRACT DTD 12/30/13	23,830	45,054	---	---	---	45,054	---	---	---	---	---	---	---
Mass Transit	20.507		---	767,492	---	---	---	---	767,492	---	---	---	---	---	---
MS Dept Public Safety - 2015 Impaired Driving Program	20.600	15-ST-400-2	---	85,105	---	---	85,105	---	---	---	---	---	---	---	---
MS Office Highway Safety - Alcohol Open Container Requirements (B)	20.607	15-ST-401-2	41,245	78,389	---	---	---	78,389	---	---	---	---	---	---	---
MS Office Highway Safety - Alcohol Open Container Requirements (B)	20.607	154AL-2016-ST-40-11	---	26,868	---	---	---	26,868	---	---	---	---	---	---	---
MS Office of Highway Safety - JSU Interdisciplinary Alcohol/Drug	20.607	15-ST-400-1	---	29,452	---	---	29,452	---	---	---	---	---	---	---	---
MS Office of Highway Safety - 2016 Impaired Driving Program	20.607	18X920546MS16	---	115,783	---	---	115,783	---	---	---	---	---	---	---	---
Total CFDA			41,245	250,492	---	---	145,235	105,257	---	---	---	---	---	---	---
MS Office Highway Safety - National Priority Safety Programs	20.616	15-MC-401-1	---	45,444	---	---	---	45,444	---	---	---	---	---	---	---
MS Office Highway Safety - National Priority Safety Programs	20.616	M3DA-2016-MC-40-11	93,977	256,587	---	---	---	256,587	---	---	---	---	---	---	---
MS Office Highway Safety - National Priority Safety Programs	20.616	MC2PS-2016-MB-40-11	---	137,135	---	---	---	137,135	---	---	---	---	---	---	---
MS Office Highway Safety - National Priority Safety Programs	20.616	15-MB-401-1	---	37,504	---	---	---	37,504	---	---	---	---	---	---	---
Total CFDA			93,977	476,670	---	---	---	476,670	---	---	---	---	---	---	---
Univ of FL - University Transportation Centers Program	20.701	UF-EIES-1200026-MSU TO 001	---	28,674	---	---	---	28,674	---	---	---	---	---	---	---
University of Memphis - U.S. Department of Transportation	20.701		---	85	---	---	---	---	---	---	---	---	85	---	---
University of Memphis - U.S. Department of Transportation	20.701		---	17,654	---	---	---	---	---	---	---	---	17,654	---	---
University of Memphis - U.S. Department of Transportation	20.701		---	41,833	---	---	---	---	---	---	---	---	41,833	---	---
University of Memphis - U.S. Department of Transportation	20.701		---	28,293	---	---	---	---	---	---	---	---	28,293	---	---
University of Memphis - U.S. Department of Transportation	20.701	068802-364805-01	---	21,253	---	---	---	---	---	---	---	---	21,253	---	---
University of Memphis - U.S. Department of Transportation	20.701	106266 169000 SS#250 MSU200734	---	35,194	---	---	---	---	---	---	---	---	35,194	---	---
University of Arkansas - MarTREC	20.701	DTRT13-GUTC50; SA1411041	---	127,882	---	---	127,882	---	---	---	---	---	---	---	---
Total CFDA			---	300,868	---	---	127,882	28,674	---	---	---	---	144,312	---	---
Subtotal Pass through Programs			---	181,484	---	(263)	358,222	4,014,840	---	767,492	---	---	144,312	---	---
Total U.S. Department of Transportation			---	931,915	---	(263)	358,795	6,160,618	---	767,492	---	---	144,312	---	---
National Aeronautics and Space Administration:															
National Aeronautics and Space Administration	43.000		153,321	1,258,589	---	---	26,807	120,118	---	---	236,954	---	874,710	---	---
National Aeronautics and Space Administration	43.000		---	4,227	---	---	4,227	---	---	---	---	---	---	---	---
Aerospace Education Services Program	43.001		192,144	1,031,695	---	---	---	382,578	---	---	554,771	---	94,346	---	---
Technology Transfer	43.002		---	44,871	---	---	---	44,871	---	---	---	---	---	---	---
Exploration	43.003		---	63,637	---	---	---	---	---	---	---	---	63,637	---	---
Education	43.008		271,336	484,995	---	---	---	57,753	---	---	427,242	---	---	---	---
Subtotal Direct Programs			---	616,801	---	---	31,034	605,320	---	---	1,218,967	---	1,032,693	---	---
Pass through Program From:															
University of Georgia - National Aeronautics and Space Admin	43.000	RR175-264/4708853	---	16,939	---	---	---	---	---	---	---	---	16,939	---	---
Keystone Synergetics - NASA	43.000	KSEI3057	---	(918)	---	---	---	(918)	---	---	---	---	---	---	---
CFDR - NASA	43.000	20120325 PROJECT #9107	---	(67)	---	---	---	(67)	---	---	---	---	---	---	---
Streamline Numerics Inc - NASA	43.000	SUBCONTRACT DATED 09/22/2014	---	122,309	---	---	---	122,309	---	---	---	---	---	---	---
CFDR - NASA	43.000	SUBCONTRACT NO. 20120725	---	93,971	---	---	---	93,971	---	---	---	---	---	---	---
Aetos Systems, Inc. - NASA	43.000	SC-2019-002	---	20,210	---	---	---	20,210	---	---	---	---	---	---	---
NASA/ATA Engineering, Inc.	43.000	NNX15CM16C	---	197,057	---	---	---	---	---	---	197,057	---	---	---	---
NASA/MIS Research Consortium	43.000	USM-GROS434-001	---	24,591	---	---	---	---	---	---	24,591	---	---	---	---
NASA/Jet Propulsion Laboratory	43.000	1476053 Mod. 4	---	4,515	---	---	---	---	---	---	4,515	---	---	---	---
Total CFDA			---	478,607	---	---	---	235,505	---	---	226,163	---	16,939	---	---

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
Univ of FL - Science	43.001	UFOER00010062	\$	410				410							
Old Dominion Univ - Aeronautics	43.002	16-133-100558-010		26,008				26,008							
Subtotal Pass through Programs				505,025				261,923			226,163		16,939		
Total National Aeronautics and Space Administration			616,801	3,393,039			31,034	867,243			1,445,130		1,049,632		
National Endowment for the Arts:															
Promotion of the Arts Grants to Organizations and Individuals	45.024			11,756				11,756							
Promotion of the Humanities, Division of Preservation and Access	45.149			125,253									125,253		
Promotion of the Humanities - Public Programs	45.164			966						966					
Subtotal Direct Programs				137,975				11,756		966			125,253		
Pass through Program from:															
NEH/MHC/Promotion of the Humanities-Federal/State Partnership	45.129	RG15-14-058		1,808							1,808				
Memphis Zoo - National Leadership Grants	45.312	LG-25-11-0186-11		36,901				36,901							
Subtotal Pass through Programs				38,709				36,901			1,808				
Total National Endowment for the Arts				176,684				48,657			2,774		125,253		
National Science Foundation:															
National Science Foundation	47.000			(6,001)			(6,001)								
Engineering Grants	47.041		109,111	1,313,013			653	762,024			71,301	15,473	463,562		
Mathematical and Physical Sciences	47.049		96,466	2,944,459			1,080,115	589,927			895,663		378,754		
Geosciences	47.050			755,858				145,401			415,085		195,372		
National Science Foundation	47.060			313,600						313,600					
Computer and Information Science and Engineering	47.070		67,923	959,841			238,743	499,485		158,782	43,693	(18,561)	37,699		
Biological Sciences	47.074		115,149	1,499,519	11,012	21,379		545,833			534,332		386,963		
Social Behavioral and Economic Sciences	47.075		36,086	223,952			85,762	12,018			24,638		101,534		
Education and Human Resources	47.076		543,472	6,458,125	77,032		4,194,967	1,307,062		5,213	62,072		811,779		
Polar Programs	47.078			86,849									56,849		
Office of International and Integrative Activities	47.079			1,415,708				643,811			764,584		7,313		
Office of Experimental Program to Stimulate Competitive Research	47.081			1,295,232				2,063,351							
Subtotal Direct Programs			3,074,727	17,998,274	88,044	21,379	5,594,239	6,568,912		477,595	2,811,368	(3,088)	2,439,825		
Pass through Program From:															
Visolis, Inc. - National Science Foundation	47.000			39,714									39,714		
Missouri Univ. - Engineering Grants	47.041	000449906-01		10,669				10,669							
Norfolk State Univ - Mathematical and Physical Sciences	47.049	F1040052		379				379							
Emory University - Mathematical and Physical Sciences	47.049	T467902		3,858				3,858							
Georgia Institute of Tech - NSF CII: Center for Chemical Evolut	47.049	RB011-G3		72,859			72,859								
NSF/Univ of ND/Mathematical and Physical Sciences	47.049	PHY-1219444		4,596							4,596				
NSF/Univ of ND/Mathematical and Physical Sciences	47.049	PHY-0715396		(472)							(472)				
Case Western Reserve University - National Science Foundation	47.049	DMR-0423914		64,336									64,336		
Total CFDA				145,556			72,859	4,237			4,124		64,336		
Colgate University - Geosciences	47.050	201179		10,289				10,289							
Duke University - Geosciences	47.050	14-NSF-1077		37,529				37,529							
Old Dominion University - National Science Foundation	47.050	13-161-322141		86,593									86,593		
Total CFDA				134,411				47,818					86,593		
NCSA - Computer and Information Science and Engineering	47.070	AGREEMENT DATED 11/24/15		15,212				15,212							
UC at San Diego - MRI: Advanced Visualization	47.070	44311550/CNS-1338192/S9000418		8,337			8,337								
NSF Odyssey	47.070			158,782						158,782					
University of Illinois Chicago - Development of the Sensor Environment	47.070	2014-04289		74,487			74,487								
Total CFDA				256,818			82,824	15,212		158,782					
Amer Museum Natural History - Biological Sciences	47.074	3-2011		(1,060)				(1,060)							
NSF/Univ of Alaska Fairbanks/Biological Sciences	47.074	UAF 12-0084		1,922							1,922				
NSF/Univ of Florida/Biological Sciences	47.074	UFD500010651/0012256		1,891							1,891				
Total CFDA				2,753				(1,060)			3,813				
NSF/Univ of NC at Charlotte/Social, Behavioral, and Economic Sciences	47.075	20120452-02-UMS		4,240							4,240				
Howard University - Experimental Engineering for HBCUs	47.076	0007964-1000047293/47294		39,908			39,908								
MAMP	47.076			69,296						69,296					
SPREad: Actualizing STEM in MS Delta	47.076			65,666						65,666					
NSF/Michigan State Univ/Social, Behavioral, and Economic Sciences	47.076	RC104162UM		19,894							19,894				
NSF HBCU-UP	47.076			313,600						313,600					
Nanoscale Informal Science Education - National Science Foundation	47.076	NISE		750									750		
Total CFDA				509,114			39,908			448,562	19,894		750		
Colorado School of Mines - International Science and Engineering	47.079	400512		132,830				132,830							
Texas A&M Galveston - PIRE Coastal Flood Risk Reduct. Program	47.079	S161003		45,153			45,153								
NSF/Colorado School of Mines/Office of International Science and Engineering	47.079	400512 (PO 134229)		42,300							42,300				
CRDF Global - National Science Foundation	47.079	RUB2-7100-PE-13		1,305									1,305		
Total CFDA				221,588			45,153	132,830			42,300		1,305		
Subtotal Pass through Programs				1,324,863			240,744	209,706		607,344	74,371		192,698		
Total National Science Foundation			3,074,727	19,323,137	88,044	21,379	5,834,983	6,778,618		1,084,939	2,885,739	(3,088)	2,632,523		
U.S. Veterans Administration:															
U.S. Veterans Administration	64.000			32,580									32,580		
Subtotal Direct Programs				32,580									32,580		
Total U.S. Veterans Administration				32,580									32,580		
Environmental Protection Agency:															
Environmental Protection Agency	66.000			13,509				13,509							
Southeastern Multi-Media and Geographic Priority Projects	66.128			5,917						5,917					

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	M CVS
Gulf of Mexico Program	66.475		\$ 75,749	163,448	—	—	—	—	—	—	163,448	—	—	—	—
Science To Achieve Results (STAR) Research Program	66.509		—	83,527	—	—	—	83,527	—	—	—	—	—	—	—
P3 Award: National Student Design Competition for Sustainability	66.516		—	20,983	—	—	—	20,983	—	—	—	—	—	—	—
Subtotal Direct Programs			75,749	287,384	—	—	—	118,019	—	5,917	163,448	—	—	—	—
Pass through Program From:															
National Aeronautics and Space Admin – U.S. Environmental Protection Agency	66.000	NNS14AA94T	—	22,412	—	—	—	—	—	—	—	—	22,412	—	—
MS Department of Environmental Quality – U.S. Environmental Protection Agency	66.000	15-00142	—	42,815	—	—	—	—	—	—	—	—	42,815	—	—
Michigan State Univ. – Science To Achieve Results(STAR) Research Program	66.509	RC105227MSU	—	9,270	—	—	—	9,270	—	—	—	—	—	—	—
Subtotal Pass through Programs			—	74,497	—	—	—	9,270	—	—	—	—	65,227	—	—
Total Environmental Protection Agency			75,749	361,881	—	—	—	127,289	—	5,917	163,448	—	65,227	—	—
U.S. Nuclear Regulatory Commission:															
Risk Assessment and Risk Management	77.003		—	9,919	—	—	9,919	—	—	—	—	—	—	—	—
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		—	50,537	—	—	50,537	—	—	—	—	—	—	—	—
Subtotal Direct Programs			—	60,456	—	—	60,456	—	—	—	—	—	—	—	—
Total U.S. Nuclear Regulatory Commission			—	60,456	—	—	60,456	—	—	—	—	—	—	—	—
U.S. Department of Energy:															
Department of Energy	81.000		—	642	—	—	642	—	—	—	—	—	—	—	—
Office of Science Financial Assistance Program	81.049		63,987	965,907	—	—	617,484	—	—	—	348,423	—	—	—	—
Conservation Research and Development	81.086		42,050	160,144	—	—	160,144	—	—	—	—	—	—	—	—
Fossil Energy Research and Development	81.089		3,730	3,730	—	—	3,730	—	—	—	3,730	—	—	—	—
Stewardship Science Grant Program	81.112		—	15,746	—	—	—	15,746	—	—	—	—	—	—	—
Nuclear Energy Research, Development and Demonstration	81.121		224,980	423,926	—	—	—	—	—	—	423,926	—	—	—	—
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		—	347,712	—	—	347,712	—	—	—	—	—	—	—	—
Environmental Management R&D and Validation Testing on High Efficiency Particulate Air (HEPA) Filters	81.139		—	1,205,678	—	—	—	1,205,678	—	—	—	—	—	—	—
Subtotal Direct Programs			334,747	3,123,485	—	—	347,712	1,999,694	—	—	776,079	—	—	—	—
Pass through Program From:															
South Dakota-US Dept of Energy	81.000	3TA676	—	87,568	—	—	—	87,568	—	—	—	—	—	—	—
Brookhaven Science Assoc – US Dept of Energy	81.000	227623	—	4,613	—	—	4,613	—	—	—	—	—	—	—	—
USAMP – US Dept of Energy	81.000	13-2836-AMP	—	(4,208)	—	—	(4,208)	—	—	—	—	—	—	—	—
LLNL/DOE – US Dept of Energy	81.000	B605576	—	11,870	—	—	11,870	—	—	—	—	—	—	—	—
Thomas Jefferson Nat Lab – US Dept of Energy	81.000	14-C1199	—	56,750	—	—	56,750	—	—	—	—	—	—	—	—
Argonne National Lab – US Dept of Energy	81.000	4F-32321	—	24,225	—	—	24,225	—	—	—	—	—	—	—	—
SRNS – US Dept of Energy	81.000	245854	—	25,954	—	—	25,954	—	—	—	—	—	—	—	—
Argonne National Lab – US Dept of Energy	81.000	6F-31601	—	15,761	—	—	15,761	—	—	—	—	—	—	—	—
Pacific NW Nat. Lab – US Dept of Energy	81.000	238140	13,965	6,524,011	—	—	6,524,011	—	—	—	—	—	—	—	—
US DOE/Argonne National Laboratory	81.000	6F-30342	—	97,135	—	—	—	—	—	—	97,135	—	—	—	—
US DOE/Argonne National Laboratory	81.000	5F-31541	—	39,012	—	—	—	—	—	—	39,012	—	—	—	—
US DOE/Natl Energy Technology Laboratory	81.000	DE-FE0023337	—	16,696	—	—	—	—	—	—	16,696	—	—	—	—
US DOE/Fermi National Accelerator Laboratory	81.000	PO 620936	—	15,217	—	—	—	—	—	—	15,217	—	—	—	—
US DOE/Lawrence Berkeley National Laboratory	81.000	7119854	—	40,160	—	—	—	—	—	—	40,160	—	—	—	—
US DOE/Sandia National Laboratories	81.000	1581077	—	261,984	—	—	—	—	—	—	261,984	—	—	—	—
US DOE/UT-Battelle/DOE Alt Plat Processes	81.000	400012203	—	96,314	—	—	—	—	—	—	96,314	—	—	—	—
US DOE/Savannah River Nuclear Solutions	81.000	AC81842O	—	(434)	—	—	—	—	—	—	(434)	—	—	—	—
Consolidated Nuclear Security, LLC – U.S. Department of Energy	81.000	PO56902	—	137	—	—	—	—	—	—	—	—	137	—	—
Total CFDA			13,965	7,312,765	—	—	6,746,544	—	—	—	566,084	—	137	—	—
US DOE/Fermi Lab/Office of Science Financial Assistance Program	81.049	PO #580116	—	32,747	—	—	—	—	—	—	32,747	—	—	—	—
US DOE/Fermi Lab/Office of Science Financial Assistance Program	81.049	PO #617510	—	(7,996)	—	—	—	—	—	—	(7,996)	—	—	—	—
US DOE/Fermi Lab/Office of Science Financial Assistance Program	81.049	PO #592846	—	(4,708)	—	—	—	—	—	—	(4,708)	—	—	—	—
Total CFDA			—	20,043	—	—	—	—	—	—	20,043	—	—	—	—
South Dakota State U – Regional Biomass Energy Programs	81.079	3TA148	—	24,884	—	—	24,884	—	—	—	—	—	—	—	—
South Dakota State U – Regional Biomass Energy Programs	81.079	3TB148	—	20,098	—	—	20,098	—	—	—	—	—	—	—	—
South Dakota State U – Regional Biomass Energy Programs	81.079	3TJ155	—	33,110	—	—	33,110	—	—	—	—	—	—	—	—
Total CFDA			—	78,092	—	—	78,092	—	—	—	—	—	—	—	—
Cornell University – U.S. Department of Energy	81.087	68579-10095	—	3,212	—	—	—	—	—	—	—	—	3,212	—	—
Florida A&M University	81.123	Roses	—	167,544	167,544	—	—	—	—	—	—	—	—	—	—
Univ of AL – Advanced Research And Projects Agency – Energy Financial Assistance Program	81.135	UA14-019	—	15	—	—	—	15	—	—	—	—	—	—	—
Subtotal Pass through Programs			13,965	7,581,671	167,544	—	6,824,651	—	—	—	586,127	—	3,349	—	—
Total U.S. Department of Energy			348,712	10,705,156	167,544	—	347,712	8,824,345	—	—	1,362,206	—	3,349	—	—
U.S. Department of Education:															
National Institute on Disability and Rehabilitation Research	84.133		—	(22,702)	—	—	(22,702)	—	—	—	—	—	—	—	—
Improving Teacher Quality State Grants	84.367		—	5,213	—	—	—	—	5,213	—	—	—	—	—	—
Subtotal Direct Programs			—	(17,489)	—	—	(22,702)	—	5,213	—	—	—	—	—	—
Pass through Program From:															
Mississippi Department of Education – Math & Science Partnership 2012	84.000	ES366B120025	—	331,185	—	—	331,185	—	—	—	—	—	—	—	—
Commonwealth of MA – US Dept of Education	84.000	7000CTMCB40004123059	—	12,405	—	—	12,405	—	—	—	—	—	—	—	—
Total CFDA			—	343,590	—	—	343,590	—	—	—	—	—	—	—	—
Georgia VRA – Rehabilitation Services Independent Living Services for	84.177	42700-610-0000025397	—	18,996	—	—	18,996	—	—	—	—	—	—	—	—
Utah Services for Blind – Rehabilitation Services Independent Living Services for	84.177	CONTRACT #146288	—	13,214	—	—	13,214	—	—	—	—	—	—	—	—
Utah Services for Blind – Rehabilitation Services Independent Living Services for	84.177	INVOICE 364914-GC-1 AND -2	—	(119)	—	—	(119)	—	—	—	—	—	—	—	—
Commonwealth of VA – Rehabilitation Services Independent Living Services for	84.177	CONTRACT DTD 9/19/14	—	5,443	—	—	5,443	—	—	—	—	—	—	—	—
AR Div of Serv for Blind – Rehabilitation Services Independent Living Services for	84.177	PO 4501483267	—	6,690	—	—	6,690	—	—	—	—	—	—	—	—
Total CFDA			—	44,224	—	—	44,224	—	—	—	—	—	—	—	—
Mississippi Department of Rehabilitation Services	84.224	14-331-1600-998	—	11,161	—	—	11,161	—	—	—	—	—	—	—	—
MDE – 21st Century Community Learning Centers Program	84.287	14/3201/EA08/8250/B592/011	—	423,786	—	—	—	423,786	—	—	—	—	—	—	—

**State of Mississippi Institutions of Higher Learning
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCSVs
US DOED/Mathematics and Science Partnerships	84.366	MSP-16-01	\$	568	—	—	—	—	—	—	568	—	—	—	—
Mississippi Department of Education – Math & Science Partnership 2016	84.366	S366B150025		55,284	—	—	55,284	—	—	—	—	—	—	—	—
Total CFDA				55,852	—	—	55,284	—	—	—	568	—	—	—	—
Subtotal Pass through Programs				878,613	—	—	397,630	480,415	—	—	568	—	—	—	—
Total U.S. Department of Education				861,124	—	—	397,630	457,713	—	5,213	568	—	—	—	—
U.S. Department of Health and Human Services:															
U.S. Department of Health and Human Services	93.000			311,072	—	—	689,428	—	—	—	1,501,710	5,047,927	—	—	—
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077			—	—	—	221,672	—	—	—	—	221,672	—	—	—
Food and Drug Administration Research	93.103			97,830	—	—	3,406,913	—	—	310,500	3,096,413	—	—	—	—
Environmental Health	93.113			—	—	—	178,755	—	—	176,094	—	—	2,661	—	—
Oral Diseases and Disorders Research	93.121			2,095	—	—	344,711	—	—	—	—	—	—	—	—
Research Related to Deafness and Communication Disorders	93.173			42,256	—	—	578,000	—	—	—	—	—	—	—	—
Research and Training in Complementary and Alternative Medicine	93.213			848	—	—	372,445	—	—	—	129,841	578,000	—	—	—
US DHHS NIH/Phytochemical Svcs/Res & Trng in Complntry & Integrative Health	93.213			—	—	—	79,135	—	—	—	79,135	—	—	—	—
US DHHS NIH/Phytochemical Svcs/Res & Trng in Complntry & Integrative Health	93.213			—	—	—	17,440	—	—	—	17,440	—	—	—	—
US DHHS NIH/Phytochemical Svcs/Res & Trng in Complntry & Integrative Health	93.213			—	—	—	18,279	—	—	—	18,279	—	—	—	—
US DHHS NIH/Univ of IL/Res & Trng in Complementary & Integrative Health	93.213			—	—	—	67,779	—	—	—	67,779	—	—	—	—
National Center on Sleep Disorders Research	93.233			404,401	—	—	875,393	—	—	—	—	875,393	—	—	—
Mental Health Research Grants	93.242			—	—	—	185,589	—	—	187,205	—	(1,616)	—	—	—
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243			60,957	—	96,313	—	—	—	—	—	—	—	—	—
Occupational Safety and Health Program	93.262			—	—	—	4,471	—	—	—	—	—	—	—	—
Alcohol Research Programs	93.273			83,436	—	—	943,171	—	—	—	—	—	—	—	—
Drug Abuse and Addiction Research Programs	93.279			99,914	—	—	2,360,886	—	—	619,249	513,961	1,227,676	—	—	—
CDC Investigations and Technical Assistance	93.283			—	—	—	2	—	—	—	—	2	—	—	—
Minority Health and Health Disparities Research	93.307			212,482	—	—	3,014,031	—	—	2,733,966	—	—	—	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.307			—	—	—	102,508	—	—	—	—	—	102,508	—	—
Trans-NIH Research Support	93.310			82,912	—	—	111,757	—	—	—	—	—	—	—	—
Research Infrastructure Programs	93.351			32,493	—	—	839,973	—	—	837,314	—	—	—	—	—
Cancer Treatment Research	93.395			—	—	—	116,372	—	—	—	—	—	—	—	—
Cancer Biology Research	93.396			—	—	—	773,180	—	—	—	—	—	—	—	—
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433			88,323	—	—	794,853	—	—	—	114,222	658,958	—	—	—
Medical Assistance Program	93.778			—	—	—	(36,774)	—	—	—	(36,774)	—	—	—	—
CMS Research, Demonstrations and Evaluations	93.779			—	—	—	27,771	—	—	—	—	—	—	—	—
Cardiovascular Diseases Research	93.837			687,130	—	—	6,397,169	—	—	—	—	—	—	—	—
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			—	—	—	345,168	—	—	—	—	—	—	—	—
Diabetes, Digestive and Kidney Diseases Extramural Research	93.847			17,232	—	—	1,119,386	—	—	—	—	—	—	—	—
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			—	—	—	1,100,819	—	—	—	—	—	—	—	—
Allergy Immunology and Transplantation Research	93.855			316,383	—	—	1,093,818	—	—	—	—	—	—	—	—
Microbiology and Infectious Diseases Research	93.856			—	—	—	15,510	—	—	—	—	—	—	—	—
Biomedical Research and Research Training	93.859			1,763,213	—	55	10,327,009	—	—	1,061,209	2,276,210	4,621,110	—	—	—
Child Health and Human Development Extramural Research	93.865			267,522	—	—	913,766	—	—	—	—	913,766	—	—	—
Aging Research	93.866			587,230	—	—	1,435,666	—	—	—	—	1,435,666	—	—	—
Vision Research	93.867			429,035	—	—	1,231,635	—	—	—	—	860,352	—	—	—
Subtotal Direct Programs				5,586,764	—	96,368	46,713,636	—	—	4,512,374	6,909,470	—	8,149,499	26,937,417	108,508
Pass through Program From:															
Tougaloo College – MS Epscor Seed Grant	93.000	NNX13AAB31A		—	—	—	(2,846)	—	—	—	—	—	—	—	(2,846)
Tougaloo College – MS Epscor	93.000	NNX12AK85A		—	—	—	102	—	—	—	—	—	—	—	102
Johns Hopkins University – Major Extremity Trauma Research Consortium	93.000	2000879394		—	—	—	20,071	—	—	—	—	—	—	—	20,071
University of Alabama – Systolic Blood Pressure Intervention Trial	93.000	000336417-011		—	—	—	77,808	—	—	—	—	—	—	—	77,808
Johns Hopkins University – Major Extremity Trauma Research Consortium	93.000		2,001,820,812	—	—	—	85,168	—	—	—	—	—	—	—	85,168
University of Texas Health Sciences Center- San Antonio – Cardiovascular Proteomics Center	93.000	153874/153136		—	—	—	463,690	—	—	—	—	—	—	—	463,690
National Institutes of Health – U.S. Dept of Health and Human Services	93.000	IR15AI113706-01		—	—	—	127,884	—	—	—	—	—	—	—	127,884
Total CFDA				—	—	—	771,877	—	—	—	—	—	—	—	643,993
American Heart Association / NIH – Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	FX-ATRAC-UM-01		—	—	—	392,867	—	—	—	—	—	—	—	392,867
MDHS – Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	MOU DATED 1/11/16		—	—	—	11,210	—	—	—	—	—	—	—	—
MSDH – Food and Drug Administration Research	93.103	8200022729		—	—	—	40,825	—	—	—	—	—	—	—	40,825
MSDH – Food and Drug Administration Research	93.103	8200019283		—	—	—	10,852	—	—	—	—	—	—	—	10,852
Total CFDA				—	—	—	51,677	—	—	—	—	—	—	—	51,677
National Institutes of Health – U.S. Dept of Health and Human Services	93.113	IR15AG046915-01A1		—	—	—	41,528	—	—	—	—	—	—	—	41,528
Duke University – Research on Healthcare Costs, Quality and Outcome	93.226	2038734		—	—	—	101,854	—	—	—	—	—	—	—	101,854
Columbia Univ/NIH – Mental Health Research Grants	93.242	3 (GG006997)		—	—	—	432	—	—	—	—	—	—	—	432
MCW – Mental Health Research Grants	93.242	5		—	—	—	7,600	—	—	7,600	—	—	—	—	7,600
University of Kentucky Research Foundation – Mental Health Research Grants	93.242	3048108500-12-451		—	—	—	259,630	—	—	—	—	—	—	—	259,630
University of Connecticut – Mental Health Research Grants	93.242	UCHC6-38183801		—	—	—	96,384	—	—	—	—	—	—	—	96,384
University of California – San Francisco – Mental Health Research Grants	93.242	SPH-1581300-13-1045-1A		—	—	—	825	—	—	—	—	—	—	—	825
Miriam Hospital – Mental Health Research Grants	93.242	710-9994-8985		—	—	—	20,637	—	—	—	—	—	—	—	20,637
University of Alabama – Mental Health Research Grants	93.242	000506211-003		—	—	—	43,214	—	—	—	—	—	—	—	43,214
Total CFDA				—	—	—	428,722	—	—	8,032	—	—	—	—	420,690
Morehouse School of Medicine	93.243	Journey of Hope 2015		—	—	—	1,426	—	—	—	—	—	—	—	1,426
Morehouse School of Medicine	93.243	CASA		—	—	—	4,034	—	—	—	—	—	—	—	4,034
Total CFDA				—	—	—	5,460	—	—	—	—	—	—	—	5,460
UAB – Occupational Safety and Health Program	93.262	000500836-017		—	—	—	20,000	—	—	—	—	—	—	—	20,000
University of Nebraska Medical Center – Alcohol Research Programs	93.273	34-5237-2020-016		—	—	—	62,164	—	—	—	—	—	—	—	62,164
University of New Mexico – Alcohol Research Programs	93.273	28337-87Y2		—	—	—	11,945	—	—	—	—	—	—	—	11,945
University of Virginia – Alcohol Research Programs	93.273	GB10137 149279		—	—	—	25,169	—	—	—	—	—	—	—	25,169
Total CFDA				—	—	—	99,278	—	—	—	—	—	—	—	99,278
US DHHS NIH/Univ of NC at Chapel Hill/Drug Abuse & Addiction Res Pgms	93.279	5-31144		—	—	—	2,799	—	—	—	—	—	—	—	2,799
MSDH – Centers for Disease Control and Prevention Investigations	93.283	CONTRACT DATED 11/10/15		—	—	—	142,745	—	—	—	—	—	—	—	142,745

**State of Mississippi Institutions of Higher Learning
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For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
MSDH – Centers for Disease Control and Prevention Investigations	93.283	5U50DP003088	\$	41,162	—	—	—	41,162	—	—	—	—	—	—	—
Mississippi Department of Health – Delta CHES Data Processing & Data	93.283	50550DP003088-5	—	29,502	—	—	29,502	—	—	—	—	—	—	—	—
Olive View – UCLA – Centers for Disease Control Prevention Investigations and Technical Assistance	93.283	13-12	—	10,616	—	—	—	—	—	—	—	—	10,616	—	—
University of South Carolina – Centers for Disease Control Prevention Investigations and Technical Assistance	93.283	16-2866	—	6,898	—	—	—	—	—	—	—	—	6,898	—	—
University of South Carolina – Centers for Disease Control Prevention Investigations and Technical Assistance	93.283	16-2974	—	15,602	—	—	—	—	—	—	—	—	15,602	—	—
US DHHS CDC/MS DOH/Ctr for Dis Ctrl & Prevtn- Investigations & Tech Assist	93.283	11000HPO	—	412,412	—	—	—	—	—	—	412,412	—	—	—	—
US DHHS CDC/MS DOH/Ctr for Dis Ctrl & Prevtn- Investigations & Tech Assist	93.283	8200020118	—	2,230	—	—	—	—	—	—	2,230	—	—	—	—
Total CFDA				661,167			29,502	183,907			414,642	33,116			
Bayou Clinic – U.S. Dept of Health and Human Services	93.307	U54MD008602-001USM	—	265,568	—	—	—	—	—	—	—	—	265,568	—	—
Bayou Clinic – U.S. Dept of Health and Human Services	93.307	IU54MD008602-P01USM	—	54,099	—	—	—	—	—	—	—	—	54,099	—	—
Morehouse School of Medicine – RCMI Translational Research Network	93.307	9 U54 MD008149	—	1,408,786	—	—	1,408,786	—	—	—	—	—	—	—	—
Regents of the University of Michigan – Comm. Engage and Outreach Core	93.307	3002460815	—	88,840	—	—	88,840	—	—	—	—	—	—	—	—
University of Alabama at Birmingham – Mid South Transdisciplinary Collabo	93.307	000501026-003	—	71,054	—	—	71,054	—	—	—	—	—	—	—	—
University of Alabama at Birmingham – Mid South Transdisciplinary Collabo	93.307	5U54MD008176-04	—	154,246	—	—	154,246	—	—	—	—	—	—	—	—
University Michigan – Minority Health and Health Disparities Research	93.307	3003311331	—	62,034	—	—	—	—	—	—	—	—	62,034	—	—
University of Alabama Birmingham – Minority Health and Health Disparities Research	93.307	000501026-008	—	3,537	—	—	—	—	—	—	—	—	3,537	—	—
University of Alabama Birmingham – Minority Health and Health Disparities Research	93.307	000501026-001	—	87,537	—	—	—	—	—	—	—	—	87,537	—	—
University of Texas Health-Houston – Minority Health and Health Disparities Research	93.307	0008663AH	—	49	—	—	—	—	—	—	—	—	49	—	—
University Michigan – Minority Health and Health Disparities Research	93.307	3002470555	—	22,130	—	—	—	—	—	—	—	—	22,130	—	—
US DHHS NIH/U MN Regents/Minority Health and Health Disparities Research	93.307	N005527302	—	3,529	—	—	—	—	—	—	3,529	—	—	—	—
Total CFDA				2,221,409			1,722,926				3,529	175,287		319,667	
University of California – Los Angeles – Trans-NIH Research Support	93.310	1505 G SA911	—	296,125	—	—	—	—	—	—	—	—	296,125	—	—
University of Alabama – National Center for Advancing Translational Sciences	93.350	000508606-005	—	169,119	—	—	—	—	—	—	—	—	169,119	—	—
Millsaps College – National Center for Research Resources	93.389	MSINBRE	—	12,576	—	—	—	—	—	—	—	—	12,576	—	—
John Hopkins – Cancer Cause and Prevention Research	93.393	2002994421	—	55,861	—	—	—	—	—	—	—	—	55,861	—	—
US DHHS NIH/GA State Univ/Cancer Treatment Research	93.395	SP00011812-03	—	6,012	—	—	—	—	—	—	6,012	—	—	—	—
US DHHS NIH/Emory Univ/Cancer Treatment Research	93.395	TS59771	—	14,354	—	—	—	—	—	—	14,354	—	—	—	—
Children’s Hospital of Philadelphia – Cancer Treatment Research	93.395	U10CA098543	—	41,525	—	—	—	—	—	—	—	—	41,525	—	—
NRG Oncology Foundation – Cancer Treatment Research	93.395	5U10CA180868-02	—	57,433	—	—	—	—	—	—	—	—	57,433	—	—
NRG Oncology Foundation – Cancer Treatment Research	93.395		—	19,816	—	—	—	—	—	—	—	—	19,816	—	—
University of Texas Health Sciences Center-Houston – Cancer Treatment Research	93.395		—	29,283	—	—	—	—	—	—	—	—	29,283	—	—
Total CFDA				168,423							20,366	148,057			
US DHHS NIH/Wake Forest Univ Health Sciences/Cancer Biology Research	93.396	WFUHS 112089C	—	35,143	—	—	—	—	—	—	35,143	—	—	—	—
Wake Forest University Health Sciences – Cancer Biology Research	93.396	WFUHS 114700	—	3,939	—	—	—	—	—	—	—	—	3,939	—	—
Wake Forest University Health Sciences – Cancer Biology Research	93.396	WFUHS 1112089R	—	62,943	—	—	—	—	—	—	—	—	62,943	—	—
Total CFDA				102,025							35,143	66,882			
University of Alabama – Cancer Centers Support Grants	93.397	000379874-001	—	15,864	—	—	—	—	—	—	—	—	15,864	—	—
Amer. Acad of Pediatrics 755126-MSU	93.424	755126-MSU	—	82,976	—	—	—	82,976	—	—	—	—	—	—	—
US DHHS CMMS/MS Public Health Institute/Health Care Innovation Awards	93.610	UMCSOP2014-15	—	1,951	—	—	—	—	—	—	1,951	—	—	—	—
MDHS – Social Services Research and Demonstration	93.647	MOA SIGNED 2/27/15	—	8,836	—	—	—	8,836	—	—	—	—	—	—	—
AHEC – Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by	93.733	CONTRACT DATED 8/5/15	—	10,935	—	—	—	10,935	—	—	—	—	—	—	—
US DHHS CMMS/State of MS Div of Medicaid/Medical Assistance Program	93.778	Formula Grant Amend 1	—	542	—	—	—	—	—	—	542	—	—	—	—
US DHHS CMMS/State of MS Div of Medicaid/Medical Assistance Program	93.778	Formula Grant	—	690,691	—	—	—	—	—	—	690,691	—	—	—	—
Total CFDA				691,233							691,233				
University of Akron – Cardiovascular Diseases Research	93.837	02311_MSU	—	34,078	—	—	—	34,078	—	—	—	—	—	—	—
US DHHS NIH/Univ of MI/Cardiovascular Diseases Research	93.837	R01HL110990	—	137,213	—	—	—	—	—	—	137,213	—	—	—	—
University of Rochester – Cardiovascular Diseases Research	93.837	416020-G-004	—	(3,053)	—	—	—	—	—	—	—	—	(3,053)	—	—
Rhode Island Hospital – Cardiovascular Diseases Research	93.837	7137188	—	98	—	—	—	—	—	—	—	—	98	—	—
University of Minnesota – Cardiovascular Diseases Research	93.837	N002127501	—	468	—	—	—	—	—	—	—	—	468	—	—
Ohio State University – Cardiovascular Diseases Research	93.837	60048444	—	2,363	—	—	—	—	—	—	—	—	2,363	—	—
Massachusetts General Hospital – Cardiovascular Diseases Research	93.837	A5332	—	2,366	—	—	—	—	—	—	—	—	2,366	—	—
Wake Forest University Health Sciences – Cardiovascular Diseases Research	93.837	WFUHS 110438 UMC	—	4,615	—	—	—	—	—	—	—	—	4,615	—	—
West Virginia University – Cardiovascular Diseases Research	93.837	13-511	—	7,936	—	—	—	—	—	—	—	—	7,936	—	—
Brigham and Womens Hospital – Cardiovascular Diseases Research	93.837	U01HL101422	—	10,815	—	—	—	—	—	—	—	—	10,815	—	—
University of Florida – Cardiovascular Diseases Research	93.837	UFDSP00011061	—	17,613	—	—	—	—	—	—	—	—	17,613	—	—
University of Washington – Cardiovascular Diseases Research	93.837	UWSC7569	—	18,601	—	—	—	—	—	—	—	—	18,601	—	—
University of Washington – Cardiovascular Diseases Research	93.837	UWSC7563	—	27,511	—	—	—	—	—	—	—	—	27,511	—	—
University of Washington – Cardiovascular Diseases Research	93.837	UWSC8254	—	28,579	—	—	—	—	—	—	—	—	28,579	—	—
Medical College of Georgia – Cardiovascular Diseases Research	93.837	24756-3	—	29,500	—	—	—	—	—	—	—	—	29,500	—	—
Medical College of Wisconsin – Cardiovascular Diseases Research	93.837	PO1549907/4	—	59,552	—	—	—	—	—	—	—	—	59,552	—	—
Washington University – Cardiovascular Diseases Research	93.837	WU-15-257	—	64,266	—	—	—	—	—	—	—	—	64,266	—	—
Hutchinson Cancer Research Center – Cardiovascular Diseases Research	93.837	0000835631	—	99,660	—	—	—	—	—	—	—	—	99,660	—	—
Cooper Health Systems – Cardiovascular Diseases Research	93.837	311500191MISS	—	102,390	—	—	—	—	—	—	—	—	102,390	—	—
University of North Carolina – Cardiovascular Diseases Research	93.837	5033552	—	211,139	—	—	—	—	—	—	—	—	211,139	—	—
Indiana University – Cardiovascular Diseases Research	93.837	IN-4683516-UM	—	303,993	—	—	—	—	—	—	—	—	303,993	—	—
Total CFDA				1,159,703				34,078			137,213	988,412			
Univ of Pittsburg – Lung Diseases Research	93.838	0031454 122932-1	—	30,972	—	—	—	30,972	—	—	—	—	—	—	—
Beth Israel Deaconess Medical Center – Lung Diseases Research	93.838	5U01HL123009	—	4,032	—	—	—	—	—	—	—	—	4,032	—	—
Beth Israel Deaconess Medical Center – Lung Diseases Research	93.838	1028040	—	34,426	—	—	—	—	—	—	—	—	34,426	—	—
Total CFDA				69,430				30,972					38,458		
Cincinnati Childrens Hospital – Blood Diseases and Resources Research	93.839	132981	—	6,040	—	—	—	—	—	—	—	—	6,040	—	—
John Hopkins University – Arthritis Musculoskeletal and Skin Diseases Research	93.846	1R01AR064066	—	644	—	—	—	—	—	—	—	—	644	—	—
US DHHS NIH/AEHN/Diabetes, Digestive & Kidney Diseases Extramural Research	93.847	3U01DK083027-0952	—	58,499	—	—	—	—	—	—	58,499	—	—	—	—
The Broad Institute, Inc – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	S2103405500000206	—	4,275	—	—	—	—	—	—	—	—	4,275	—	—
John Hopkins – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	202868379	—	12,607	—	—	—	—	—	—	—	—	12,607	—	—
University of Michigan – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	3003773030	—	14,971	—	—	—	—	—	—	—	—	14,971	—	—
University of Washington – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	UWSC7405	—	21,870	—	—	—	—	—	—	—	—	21,870	—	—

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 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
Univ of South Florida – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	6143-1101-00-A	\$ —	39,968	—	—	—	—	—	—	—	39,968	—	—	—
Massachusetts General Hospital – Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	226697	—	93,696	—	—	—	—	—	—	—	93,696	—	—	—
Total CFDA				245,886	—	—	—	—	—	—	58,499	187,387	—	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.855	1R15A1099910-01	—	31,087	—	—	—	—	—	—	—	—	31,087	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.855	1R15A1099922-01A1	—	133,825	—	—	—	—	—	—	—	—	133,825	—	—
US DHHS NIH/Lucigen Corporation/Allergy and Infectious Diseases Research	93.855	1R43A1100383-01A1	—	(6)	—	—	—	—	—	—	(6)	—	—	—	—
US DHHS NIH/Tulane Univ/Allergy and Infectious Diseases Research	93.855	HSC-554221-16/17	—	21,186	—	—	—	—	—	—	21,186	—	—	—	—
Tulane Educational Fund – Allergy and Infectious Diseases Research	93.855	TUL-HSC-480-13/14	—	246,440	—	—	—	—	—	—	—	246,440	—	—	—
University of Alabama – Allergy and Infectious Diseases Research	93.855	00043755-001	—	663,280	—	—	—	—	—	—	—	663,280	—	—	—
Total CFDA				1,095,812	—	—	—	—	—	—	21,180	909,720	164,912	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.859	5P20GM103476-13	—	(13,858)	—	—	—	—	—	—	—	—	(13,858)	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.859	1R15GM109299-01A1	—	97,815	—	—	—	—	—	—	—	—	97,815	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.859	5P20GM103476	—	3,296,227	—	—	—	—	—	—	—	—	3,296,227	—	—
National Institutes of Health – U.S. Dept of Health and Human Services	93.859	4P20GM103476-15	—	116,125	—	—	—	—	—	—	—	—	116,125	—	—
US DHHS NIH/West Liberty Univ/Biomedical Research and Research Training	93.859	OM2015	—	(757)	—	—	—	—	—	—	(757)	—	—	—	—
US DHHS NIH/West Liberty Univ/Biomedical Research and Research Training	93.859	OM2015-16	—	2,813	—	—	—	—	—	—	2,813	—	—	—	—
US DHHS NIH/Univ of GA/Biomedical Research and Research Training	93.859	RR549-522/S000822	—	101,089	—	—	—	—	—	—	101,089	—	—	—	—
University of Michigan – Biomedical Research and Research Training	93.859	3002239175	—	53,928	—	—	—	—	—	—	—	53,928	—	—	—
Total CFDA				3,653,382	—	—	—	—	—	—	103,145	53,928	3,496,309	—	—
University of Miami – Child Health and Human Development Extramural Research	93.865	G02244	—	12,084	—	—	—	—	—	—	—	12,084	—	—	—
University of Michigan – Child Health and Human Development Extramural Research	93.865	3002544309	—	42,679	—	—	—	—	—	—	—	42,679	—	—	—
West Virginia University – Child Health and Human Development Extramural Research	93.865	14-542-UMMC	—	45,953	—	—	—	—	—	—	—	45,953	—	—	—
University of Michigan – Child Health and Human Development Extramural Research	93.865	3002542787	—	55,852	—	—	—	—	—	—	—	55,852	—	—	—
University of Nebraska-Lincoln – Child Health and Human Development Extramural Research	93.865	24-0523-0082-003	—	67,290	—	—	—	—	—	—	—	67,290	—	—	—
Rhode Island Hospital – Child Health and Human Development Extramural Research	93.865	701-5494	—	89,832	—	—	—	—	—	—	—	89,832	—	—	—
Total CFDA				313,690	—	—	—	—	—	—	—	313,690	—	—	—
Johns Hopkins University – Aging Research	93.866	2002345503	—	6,757	—	—	—	—	—	—	—	6,757	—	—	—
Univ of Texas Health- Houston – Aging Research	93.866	0011496E	—	14,933	—	—	—	—	—	—	—	14,933	—	—	—
Univ of Texas Health- Houston – Aging Research	93.866	0011496D	—	18,664	—	—	—	—	—	—	—	18,664	—	—	—
Johns Hopkins University – Aging Research	93.866	2001402959	—	145,934	—	—	—	—	—	—	—	145,934	—	—	—
Total CFDA				186,288	—	—	—	—	—	—	—	186,288	—	—	—
Univ of California LA – Vision Research	93.867	2000 G TJ096	—	1,353	—	—	—	—	—	—	—	1,353	—	—	—
Medical Univ of South Carolina – Vision Research	93.867	MUSC15-056	—	6,435	—	—	—	—	—	—	—	6,435	—	—	—
Total CFDA				7,788	—	—	—	—	—	—	—	7,788	—	—	—
MSDH – Assistance Programs for Chronic Disease Prevention and Control (B)	93.945	CONTRACT DATED 3/31/16	—	4,680	—	—	—	4,680	—	—	—	—	—	—	—
Mississippi First – Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	MOU DATED 1/26/16	—	39,894	—	—	—	39,894	—	—	—	—	—	—	—
SABG 2015	93.959		—	1,910	—	—	1,910	—	—	—	—	—	—	—	—
SABG 2014	93.959		—	1,750	—	—	1,750	—	—	—	—	—	—	—	—
Total CFDA				3,660	—	—	3,660	—	—	—	—	—	—	—	—
US DHHS NIH/Regents Michigan/International Research and Research Training	93.989	5D43TW009310-04	—	5,832	—	—	—	—	—	—	5,832	—	—	—	—
Subtotal Pass through Programs				13,218,501	5,460	—	1,756,088	487,197	—	—	1,495,532	5,323,924	4,150,300	—	—
Total U.S. Department of Health and Human Services				5,586,764	59,932,137	101,828	6,268,462	7,396,667	—	—	9,645,031	32,261,341	4,258,808	—	—
U.S. Department of Homeland Security:															
U.S. Department of Homeland Security	97.000		—	387,302	—	—	—	—	—	—	387,302	—	—	—	—
Center of Excellence for Disaster Response	97.061		316,220	528,416	—	—	528,416	—	—	—	—	—	—	—	—
Homeland Security Advanced Research Projects Agency	97.065		—	115,186	—	—	—	—	—	—	—	—	115,186	—	—
Subtotal Direct Programs			316,220	1,030,904	—	—	528,416	—	—	—	387,302	—	115,186	—	—
Pass through Program From:															
University of North Carolina Chapel Hill – DHS S&T Coastal Resilience	97.000	2015-ST-061-ND0001-01	—	153,716	—	—	153,716	—	—	—	—	—	—	—	—
PITCHTR AGREEMENT# – US Dept of Homeland Security	97.000	AGREEMENT# 3325-908	—	6,109	—	—	—	6,109	—	—	—	—	—	—	—
US DHS FEMA/MEMA/Pre-Disaster Mitigation	97.047	LPDM-PL-04-MS-2010-0006	—	121	—	—	—	—	—	—	121	—	—	—	—
Univ of Southern CA – Centers for Homeland Security (B)	97.061	66109589	—	48,547	—	—	—	48,547	—	—	—	—	—	—	—
Univ of Southern CA – Centers for Homeland Security (B)	97.061	53037161	—	16,671	—	—	—	16,671	—	—	—	—	—	—	—
Subtotal Pass through Programs				225,164	—	—	153,716	71,327	—	—	121	—	—	—	—
Total U.S. Department of Homeland Security			316,220	1,256,068	—	—	682,132	71,327	—	—	387,423	—	115,186	—	—
U.S. Agency for International Development:															
U.S. Agency for International Development:	98.000		—	259,277	—	—	—	259,277	—	—	—	—	—	—	—
U.S. Agency for International Development:	98.012		—	142,773	—	—	—	142,773	—	—	—	—	—	—	—
Subtotal Direct Programs				402,050	—	—	—	402,050	—	—	—	—	—	—	—
Pass through Program From:															
Purdue – US AID	98.000	8000062961	—	1,802	—	—	—	1,802	—	—	—	—	—	—	—
Univ of Illinois	98.000	2013-04026-07	—	40,844	—	—	—	40,844	—	—	—	—	—	—	—
Univ of Illinois	98.000	2013-04026-07	—	84,284	—	—	—	84,284	—	—	—	—	—	—	—
Univ of CA Davis – US AID	98.000	201400223-08	—	50,694	—	—	—	50,694	—	—	—	—	—	—	—
Univ of CA Davis – US AID	98.000	201400223-09	—	48,265	—	—	—	48,265	—	—	—	—	—	—	—
Total CFDA				225,889	—	—	—	225,889	—	—	—	—	—	—	—
Univ of CA Davis – USAID Foreign Assistance for Programs Overseas (B)	98.001	016258-108	—	2,841	—	—	—	2,841	—	—	—	—	—	—	—
Michigan State Univ – USAID Foreign Assistance for Programs Overseas (B)	98.001	RC100599MSSU	—	58,310	—	—	—	58,310	—	—	—	—	—	—	—
Michigan State Univ – USAID Foreign Assistance for Programs Overseas (B)	98.001	RC063300MSSU	—	17,489	—	—	—	17,489	—	—	—	—	—	—	—
Total CFDA				78,640	—	—	—	78,640	—	—	—	—	—	—	—

**State of Mississippi Institutions of Higher Learning
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures	ASU	DSU	JSU	MSU	MUW	MYSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of Justice Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus Juvenile Mentoring Program	16.000 16.525 16.726			90,024 125,405 4,671		90,024				59,823	65,582				
Subtotal Direct Programs				220,100	4,671	90,024				59,823	65,582				
Pass through Program From:															
US DOJ/DPS/Violence Against Women Formula Grants	16.588	06SC4111		(2,577)							(2,577)				
National 4-H Council – Juvenile Mentoring Program	16.726	CTD 3-28-2016		33,416				33,416							
National 4-H Council – Juvenile Mentoring Program	16.726	CTD 02-11-2015		51,722				51,722							
Subtotal Pass through Programs				82,561				85,138			(2,577)				
Total U.S. Department of Justice				302,661	4,671	90,024		85,138		59,823	63,005				
U.S. Department of Labor: Consultation Agreements	17.504			700,417				700,417							
Subtotal Direct Programs:				700,417				700,417							
Pass through Program From:															
TRPDD – H-1B Job Training Grants	17.268	MIA-13-01		83,769				83,769							
TRPDD – H-1B Job Training Grants	17.268	MIA-13-02		13,463				13,463							
TRPDD – H-1B Job Training Grants	17.268	MIA-13-03		32,021				32,021							
Subtotal Pass through Programs				129,253				129,253							
Total U.S. Department of Labor				829,670				829,670							
U.S. Department of State: AEECA/ESF PD Programs	19.900			9,900		9,900									
Subtotal Direct Programs				9,900		9,900									
Pass through Program From:															
Institute of International Edu – Educational Exchange-Graduate Student s (B)	19.400	3216 MSSTATE 3.15.2016		761				761							
Institute of International Edu – Educational Exchange-Graduate Student s (B)	19.400	03/12/2015		93,009				93,009							
Subtotal Pass Through Programs				93,770				93,770							
Total U.S. Department of State				103,670		9,900		93,770							
U.S. Department of Transportation: Airport Improvement Program University Transportation Centers Program	20.106 20.701			3,519,218 7,544				7,544			3,519,218				
Subtotal Direct Programs				3,526,762				7,544			3,519,218				
Pass through Program From:															
Mississippi Department of Transportation US DOT FHA/MDOT	20.200 20.000	LPA 106379-801000		63,131 54,320	63,131						54,320				
Total CFDA				117,451	63,131						54,320				
MDOT – Highway Planning and Construction	20.205	NSTI-2015-00(003)/105011-12200		32,802				32,802							
MDOT – Highway Planning and Construction	20.205	SPR-1(75)106938-187000		9,901				9,901							
MDOT – Highway Planning and Construction	20.205	NSTI2016-00(003)/105011-125000		1,699				1,699							
Total CFDA				44,402				44,402							
MDOT – Public Transportation for Nonurbanized Areas	20.509	502940		931,774				931,774							
MDOT – Public Transportation for Nonurbanized Areas	20.509	502761		68,380				68,380							
MDOT – Public Transportation for Nonurbanized Areas	20.509	502874		244,635				244,635							
Total CFDA				1,244,789				1,244,789							
MS Office of Highway Safety – JSU Interdisciplinary Alcohol/Drug Studies Center	20.607	15AL-2016-ST-40-01		52,471			52,471								
MS Office Highway Safety – Alcohol Open Container Requirements (B)	20.607	15-ST-401-1		4,399				4,399							
Total CFDA				56,870			52,471	4,399							
Mississippi State Department of Health – National Priority Safety Programs	20.616	15-MB-407-1		22,376										22,376	
Mississippi State Department of Public Safety – National Priority Safety Programs	20.616	M2TR-2016-MB-63-91		73,805										73,805	
Total CFDA				96,181										96,181	
University of Arkansas – MarTREC	20.701	DTRT13-GUTC50; SA1411041		33,563			33,563								
Subtotal Pass through Programs				1,593,256	63,131		86,034	1,293,590			108,640			192,362	
Total U.S. Department of Transportation				5,120,018	63,131		86,034	1,301,134			3,627,858			192,362	
U.S. Department of the Treasury: Pass through Program From:															
Mississippi Home Corporation-U.S. Department of the Treasury	21.000			20,288										20,288	
Subtotal Pass through Programs				20,288										20,288	
Total U.S. Department of the Treasury				20,288										20,288	
Appalachian Regional Commission: Appalachian Research, Technical Assistance, and Demonstration Projects	23.011			2,394				2,394							
Subtotal Direct Programs				2,394				2,394							
Total Appalachian Regional Commission				2,394				2,394							
Library of Congress: Pass through Program From:															
ISU/Library of Congress	42.000	RSP 08A031.89		2,684				2,684							
Subtotal Pass through Programs				2,684				2,684							
Total Library of Congress				2,684				2,684							
National Aeronautics and Space Administration:															

**State of Mississippi Institutions of Higher Learning
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<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MUW</u>	<u>MYSU</u>	<u>UM</u>	<u>UMMC</u>	<u>USM</u>	<u>IHL Board Office</u>	<u>M CVS</u>
MDHS – Child Care and Development Block Grant	93.575	6007724 MDHS		973,901				973,901							
Total CFDA			1,440,522	11,735,267				11,736,561					(1,294)		
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630			5,513											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	4636-DD13-QA		15,680											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	4666-DD13-EM		20,533											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	4667-DD13-REC		6,836											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	46DD-MSP4-EM		31,658											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	4667-DD14-RE		41,543											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	46E0-MSPS-EM		100,723											
MS Council on Developmental Disabilities – U.S. Dept of Health and Human Services	93.630	4666-DD14-EM		50,013											
Mississippi State Department of Mental Health – Developmental Disabilities Basic Support and Advocacy Grants	93.630	4680-DD15-HE		49,640								49,640			
Mississippi State Department of Mental Health – Developmental Disabilities Basic Support and Advocacy Grants	93.630	4624-HE-DD11-UMC		13,780								13,780			
MDMH – Developmental Disabilities Basic Support and Advocacy	93.630	4678-DD15-CS		64,102				64,102							
Total CFDA				400,021				64,102				63,420			
Mississippi State Department of Medicaid – Childrens Collaborative Pilot Project	93.778	CAY Center		2,027,461								2,027,461			
Mississippi Division of Medicaid – U.S. Dept of Health and Human Services	93.779			70,000									70,000		
Total CFDA				70,000									70,000		
Mississippi State Department of Health – Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	U3REP150513		36,363								36,363			
Penn State University	93.859			23,567	23,567										
Penn State University	93.859			9,762	9,762										
Carnegie Mellon University	93.859	1090416-341398		13,493			13,493								
Total CFDA				46,822	33,329		13,493								
Mississippi State Department of Health – National Bioterrorism Hospital Preparedness	93.889	U90TP000530		474,000								474,000			
MSDH – Grants to States for Operation of Offices of Rural Health	93.913	13010106000000PD		3,205				3,205							
MSDH – Grants to States for Operation of Offices of Rural Health	93.913	13010106000000PD		6,803				6,803							
Total CFDA				10,008				10,008							
Mississippi State Department of Health – HIV Emergency Relief Project Grants	93.914	33000AD0		172,915								172,915			
Mississippi State Department of Health – HIV Care Formula Grants	93.917	X07HA000362		1,973								1,973			
Mississippi State Department of Health – HIV Care Formula Grants	93.917	X07HA00036200		203,218								203,218			
Mississippi State Department of Health – HIV Care Formula Grants	93.917	X07HA00036		403,248								403,248			
Total CFDA				608,439								608,439			
US DHHS CDC/MSDH/HIV Prevention Activities-Health Department Based	93.940	1U62PS003674-02		21							21				
US DHHS CDC/MSDH/HIV Prevention Activities-Health Department Based	93.940	5U62PS003674-04		424							424				
Mississippi State Department of Health – HIV Prevention Activities	93.940	U62PS003975		7,767								7,767			
Total CFDA				8,212							445	7,767			
Mississippi State Department of Health – HIV/AIDS Surveillance	93.944	U62PS001589		6,945								6,945			
Mississippi State Department of Health – HIV/AIDS Surveillance	93.944	U62PS001589		(100,349)								(100,349)			
Total CFDA				(93,404)								(93,404)			
US DHHS CDC/MSDH/Assistance Prgrms for Chronic Disease Prev & Ctrl	93.945	IU58DP004816-02		3,781								3,781			
US DHHS CDC/MSDH/Assistance Prgrms for Chronic Disease Prev & Ctrl	93.945	6NU58DP004816-03-03		3,476								3,476			
Total CFDA				7,257								7,257			
MDMH – Block Grants for Prevention and Treatment of Substance	93.959	007332		2,063				2,063							
MDMH – Block Grants for Prevention and Treatment of Substance	93.959	LETTER DATED 11/3/15		22,101				22,101							
MDMH – Block Grants for Prevention and Treatment of Substance	93.959			304,783				304,783							
Total CFDA				328,947				304,783							
Mississippi State Department of Health – Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	H25PS004371		38,407								38,407			
Mississippi State Department of Health – U.S. Dept of Health and Human Services	93.994	11000CMO		17,545									17,545		
Mississippi State Department of Health – Maternal and Child Health Services Block Grant to the States	93.994	B04MC21427		566,722								566,722			
Total CFDA				584,267								566,722			
Subtotal Pass through Programs			1,440,522	18,908,245	133,669		324,963	13,052,554			7,702	4,891,221	459,729		
Total U.S. Department of Health and Human Services			1,509,662	29,168,991	133,669	1,129,214	1,252,564	13,145,374			7,702	8,906,391	4,555,670		
Corporation for Community and National Service:															
State Commissions	94.003			293,292											293,292
AmeriCorps	94.006		2,735,328	2,855,428							121,432				2,733,996
Volunteers in Service to America	94.013			452,477		407,009					45,468				
Volunteer Generation Fund	94.021			263,137											263,137
Subtotal Direct Programs			2,735,328	3,864,334		407,009					166,900				3,290,425
Pass through Program From:															
Mississippi Commission for Volunteer Services – America Reads Mississippi	94.006	12ACHMS0010004		800,826										800,826	
Youth Service America – Planning and Program Development Grants	94.007	MOU DATED 8/17/15		2,757				2,757							
Subtotal Pass through Programs				803,583				2,757						800,826	
Total Corporation for Community and National Service			2,735,328	4,667,917		407,009		2,757			166,900			800,826	3,290,425
U.S. Department of Homeland Security:															
Centers for Homeland Security	97.061			28,261				28,261							
Scholars and Fellows, and Educational Programs	97.062			148,816				148,816							
Subtotal Direct Programs				177,077				177,077							

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<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>	<u>ASU</u>	<u>DSU</u>	<u>JSU</u>	<u>MSU</u>	<u>MUW</u>	<u>MVSU</u>	<u>UM</u>	<u>UMMC</u>	<u>USM</u>	<u>IHL Board Office</u>	<u>MCVS</u>
Pass through Program From:															
Texas Engineering Extension Service – U.S. Department of Homeland Security	97.005	44-100119	\$ —	104,733	—	—	—	—	—	—	—	—	104,733	—	—
Texas A & M – U.S. Department of Homeland Security	97.005	44-100131	—	401,696	—	—	—	—	—	—	—	—	401,696	—	—
Total CFDA			—	506,429	—	—	—	—	—	—	—	—	506,429	—	—
MS Homeland Security – Citizenship Education and Training (L)	97.010	13CC600	—	379	—	—	—	379	—	—	—	—	—	—	—
MS Emergency Management Agency – US Department of Homeland Security	97.036		—	3,373,891	—	—	—	—	—	—	—	—	3,373,891	—	—
Ms Homeland Security – Citizens-Community Resilience Innovation Challenge	97.053	A13CC600	—	250	—	—	—	250	—	—	—	—	—	—	—
Mississippi Department of Public Safety – U.S. Department of Homeland Security	97.067	14HS421	—	45,980	—	—	—	—	—	—	—	—	45,980	—	—
Mississippi Department of Public Safety – U.S. Department of Homeland Security	97.067	15HS421	—	88,044	—	—	—	—	—	—	—	—	88,044	—	—
MS Homeland Security – Homeland Security Grant Program (A)	97.067	11HS600	—	(12)	—	—	—	(12)	—	—	—	—	—	—	—
MS Homeland Security – Homeland Security Grant Program (A)	97.067	GRANT E13CC600	—	8,373	—	—	—	8,373	—	—	—	—	—	—	—
MS Homeland Security – Homeland Security Grant Program (A)	97.067	14HS600	—	55,780	—	—	—	55,780	—	—	—	—	—	—	—
MS Homeland Security – Homeland Security Grant Program (A)	97.067	15CC600	—	36,156	—	—	—	36,156	—	—	—	—	—	—	—
MS Homeland Security – Homeland Security Grant Program (A)	97.067	A14HS600	—	7,269	—	—	—	7,269	—	—	—	—	—	—	—
Total CFDA			—	241,590	—	—	—	107,566	—	—	—	—	134,024	—	—
Subtotal Pass through Programs			—	4,122,539	—	—	—	108,195	—	—	—	—	4,014,344	—	—
Total U.S. Department of Homeland Security			—	4,299,616	—	—	177,077	108,195	—	—	—	—	4,014,344	—	—
U.S. Agency for International Development: Scholars and Fellows, and Educational Programs	98.012		—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal Direct Programs			—	—	—	—	—	—	—	—	—	—	—	—	—
Pass through Program From: USAID/ACE/USAID Development Pships for Univ Cooperation & Development	98.012	HED153-6200-BFA-15-0	—	19,548	—	—	—	—	—	—	19,548	—	—	—	—
Subtotal Pass through Programs			—	19,548	—	—	—	—	—	—	19,548	—	—	—	—
Total U.S. Agency for International Development			—	19,548	—	—	—	—	—	—	19,548	—	—	—	—
Total Other Federal Programs (including ARRA)			8,757,197	123,325,186	8,193,576	9,430,278	11,390,959	40,584,169	9,057	5,336,961	14,537,477	10,797,128	16,526,444	3,228,712	3,290,425
Total Expenditures of Federal Awards			\$ 31,717,279	1,018,787,416	53,377,222	34,112,588	134,602,956	275,302,596	22,145,700	33,776,794	184,438,606	92,384,960	182,126,857	3,228,712	3,290,425

See accompanying independent auditors' report.

See accompanying notes to Schedule of Expenditures of Federal Awards and independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

(1) Summary of Auditors' Results

- (a) The type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
Material weaknesses: **No**
Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
Material weaknesses: **No**
Significant deficiencies: **Yes – See Finding 2016-001**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a): **See Finding 2016-001**
- (g) Major programs:

<u>CFDA#</u>	<u>Grantor</u>	<u>Program</u>
Various	Various	Research and Development Cluster
Various	U.S. Department of Education	TRIO Cluster
97.036	U.S. Department of Homeland Security	Disaster Grants
84.378	U.S. Department of Education	College Access Challenge Program
20.106	U.S. Department of Transportation	Airport Improvement Program
10.587	U.S. Department of Agriculture	National Food Service Management Institute Administration and Staffing
10.561	U.S. Department of Agriculture	State Administrative Maturing Grants for the Supplemental Nutrition Assistance Program
10.500	U.S. Department of Agriculture	Cooperative Extension Service

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,056,362**
- (i) Auditee qualified as a low-risk auditee: **Yes**

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

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

None.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

(3) Findings and Questioned Costs Relating to Federal Awards

Finding No. 2016-001

Compliance Requirement:

Allowable Costs

Cash Management

Reporting

Federal Agency

U.S. Department of Education

Federal Programs

TRIO Cluster

CFDA No.

84.042; 84.044; 84.047; 84.217

Applicable Campus

Mississippi Valley State University

Federal Award Year

September 1, 2015 to August 31, 2020

September 1, 2011 to August 31, 2016

June 1, 2015 to May 31, 2016

June 1, 2016 to May 31, 2017

Criterion

Per 2 CFR section 200.403, costs must be consistently charged as either indirect or direct costs. Further, non-federal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with the terms and conditions of the federal award.

Condition

During our testwork over the TRIO cluster, at this campus, we noted that indirect costs should be charged at 8% of direct costs. We selected a sample of 40 indirect costs that were charged to the TRIO cluster, noting two instances in which the indirect costs charged were not properly calculated.

Cause and Effect

Noncompliance due to a lack of procedures to review calculations with sufficient precision to detect the error in a calculation of indirect costs. As a result, federal funds of \$1,386 were improperly reimbursed and amounts expended were improperly reported. Upon identification of this error the university adjusted its reporting in 2017 to correct the identified error.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Questioned Cost

Not reportable

Sampling Statistically Valid

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding from Prior Year

This finding was not a repeat from the prior year.

Recommendation

We recommend that the University strengthen review procedures to help to ensure that indirect costs charged to the program are properly calculated.

Management Response

The University will strengthen the review procedures by requiring the Project Director to review and approve the indirect cost calculations.