



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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

June 30, 2010 and 2009

(With Independent Auditors' Reports Thereon)

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

June 30, 2010 and 2009

Table of Contents

	Page
Independent Auditors' Report on the Financial Statements and Supplemental Information	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Net Assets – State of Mississippi Institutions of Higher Learning	18
Statements of Financial Position – Discretely Presented Component Unit – Mississippi State University Foundation, Inc.	19
Statements of Financial Position – Discretely Presented Component Unit – The University of Mississippi Foundation	20
Statements of Financial Position – Discretely Presented Component Unit – The University of Southern Mississippi Foundation	21
Statements of Revenues, Expenses and Changes in Net Assets – State of Mississippi Institutions of Higher Learning	22
Statements of Activities – Discretely Presented Component Unit – Mississippi State University Foundation, Inc.	23
Statements of Activities – Discretely Presented Component Unit – The University of Mississippi Foundation	25
Statements of Activities – Discretely Presented Component Unit – The University of Southern Mississippi Foundation	27
Statements of Cash Flows – State of Mississippi Institutions of Higher Learning	29
Notes to Financial Statements – State of Mississippi Institutions of Higher Learning	31
Combining Supplemental Information:	
Combining Statement of Net Assets	124
Combining Statement of Revenues, Expenses and Changes in Net Assets	126
Combining Statement of Cash Flows	128

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

June 30, 2010 and 2009

Table of Contents

	Page
Reports on Internal Control and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	134
Schedule of Expenditures of Federal Awards	137
Notes to Schedule of Expenditures of Federal Awards	163
Schedule of Findings and Questioned Costs	165



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

Independent Auditors' Report

Board of Trustees
State of Mississippi Institutions of Higher Learning:

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

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

The accompanying financial statements of the IHL System as of June 30, 2009, were audited by other auditors whose report thereon dated December 15, 2009, expressed unqualified opinions on those statements, and included an explanatory paragraph that referred to the reports of other auditors for certain component units and funds.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of the IHL System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 17 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's 2010 basic financial statements. The accompanying combining supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Jackson, Mississippi
December 6, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009



Introduction

The Board of Trustees of Mississippi's Institutions of Higher Learning (IHL) 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 74,000 students with an employee base just over 25,000 individuals. Faculty makes up approximately 5,500 of the total employee count. The system offers over 800 degrees and graduates approximately 15,000 students each year.

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

These reports were prepared in accordance with GASB Statements 34 and 35, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments* and presents financial data for two fiscal periods – June 30, 2010 and 2009. The IHL System reports as a special purpose government, engaged solely in business-type activities. The section should be read in conjunction with the financial statements and the notes which follow.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

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

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

Overview of the Financial Statements

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

Financial Statements

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

The **Statement of Revenues, Expenses and Changes in Net Assets** presents the operating results of the System, as well as non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Non-operating revenues are received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 26 percent of total system revenues, are classified a non-operating revenue because these revenues are recognized at the state level rather than at the institutional level. This accounting treatment for this revenue classification typically results in the system showing an operating loss. Other typical non-operating revenue sources include gifts, grants and appropriations restricted for capital purposes.

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

Financial Highlights

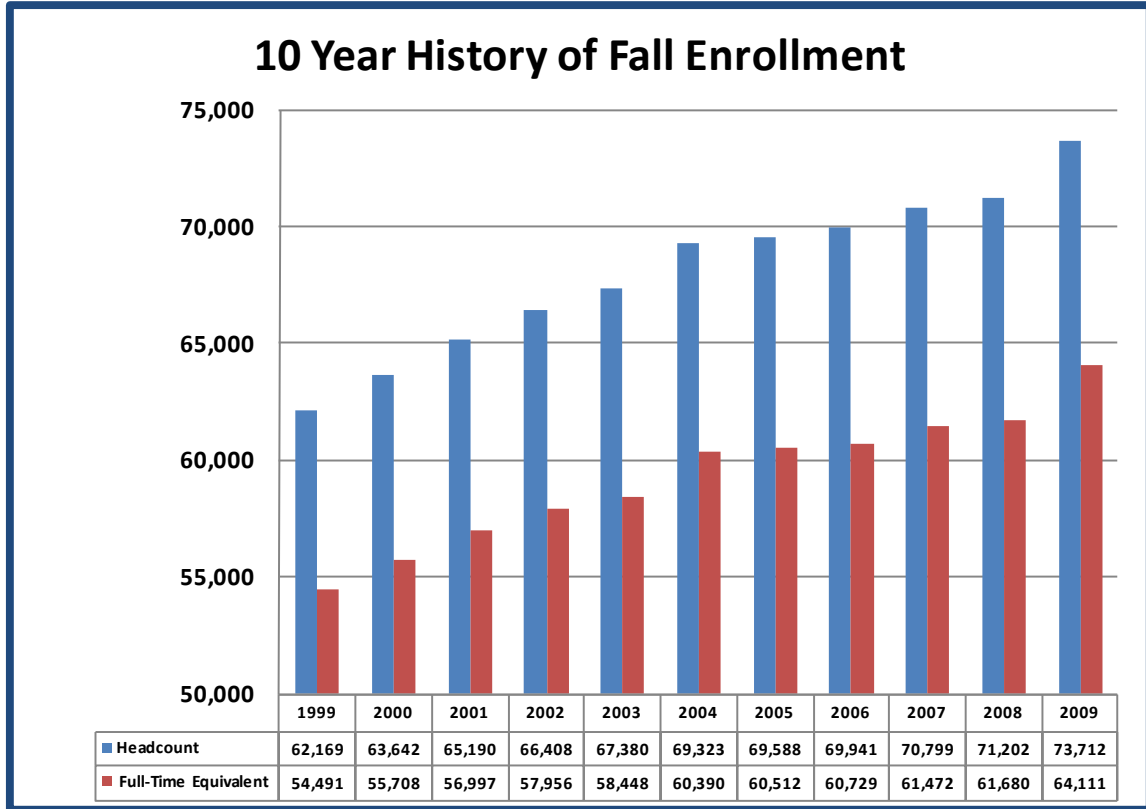
The financial position of the IHL System has shown steady growth over the last several years. Net assets have increased by \$290.3 million (assets minus liabilities) since June 30, 2008. The main sources of this improvement were a \$293.3 million increase in capital assets, net of related debt, and a \$109.9 million increase in unrestricted net assets. Many of the institutions have recently undergone, or are in the process of major building projects, especially for student housing. Additional details for these increases are presented later in this report.

Despite tuition rate increases, enrollment has continued to increase for the IHL System since 1999. Full time student enrollment, as well as student headcounts, for the fall 2009 academic term were at an all time high for the IHL System (see chart below). IHL management believes this increase is indicative of the strong demand for a quality educational product at a reasonable price.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management’s Discussion and Analysis (Unaudited)

June 30, 2010 and 2009



Other revenue sources such as federal, state and private grants and contracts have remained stable to increasing. The IHL System’s efforts to create self-generated funds, control costs, and eliminate expenditures on some non-core essential activities allowed the institutions to generate sufficient resources to meet and sometimes even exceed budgeted goals.

GASB guidance requires that state appropriation revenues be classified as non-operating on the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA). Because of this accounting treatment, the IHL System expects to always show a net operating loss at year-end on the SRECNA. This net operating loss approximated \$824.8 and \$866.3 million for the years ended June 30, 2010 and 2009, respectively. Total operating revenues increased 6.0% in 2010 and 7.4% in 2009, while operating expenses for 2010 and 2009 increased 2.4% and 5.7% respectively. The accumulated impact of non-operating and other revenues and expenses of the IHL System resulted in a net gain of \$986.7 million in 2010 and \$994.7 million in 2009. Overall, the IHL System’s net assets increased by \$161.9 million for fiscal year 2010 compared to \$128.4 million in 2009.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

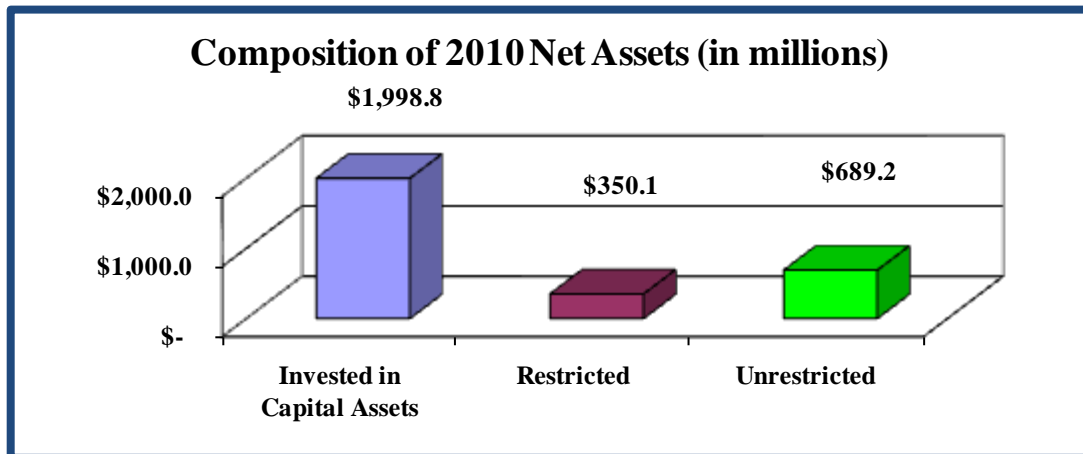
Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Net assets are divided into three major categories:

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

Net assets, which represent the residual interest in the IHL System's assets after liabilities are deducted, increased by \$161.9 million (5.6%) from the prior fiscal year to \$3.0 billion. This compares to an increase of \$128.4 million (4.7%) in 2009 when compared to 2008. Shown below is a chart illustrating the composition of the IHL System's net assets as of June 30, 2010.



Unrestricted net assets as of June 30, 2010 equaled \$689.2 million. Over 93% of this total was attributed to four IHL institutions, UMMC with \$312.2 million, UM with \$158.9 million, MSU with \$117.4 million, and USM with \$55.6 million. As a comparison, at June 30, 2009 total IHL System unrestricted net assets were equal to \$619.7 million.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

	As of			Changes Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
Assets					
Current assets	\$ 784,576,242	\$ 855,725,714	\$ 771,436,873	9.1%	-9.8%
Capital assets, net	2,346,535,978	2,497,240,707	2,699,713,429	6.4%	8.1%
Other assets	634,662,911	669,588,239	839,380,972	5.5%	25.4%
Total assets	<u>3,765,775,131</u>	<u>4,022,554,660</u>	<u>4,310,531,274</u>	<u>6.8%</u>	<u>7.2%</u>
Liabilities					
Current liabilities	271,578,358	283,426,628	314,325,463	4.4%	10.9%
Non-current liabilities	746,418,850	862,937,254	958,129,509	15.6%	11.0%
Total liabilities	<u>1,017,997,208</u>	<u>1,146,363,882</u>	<u>1,272,454,972</u>	<u>12.6%</u>	<u>11.0%</u>
Net Assets					
Invested in capital assets, net of debt	1,759,506,600	1,803,489,983	1,998,798,858	2.5%	10.8%
Restricted - nonexpendable	108,861,514	106,871,262	114,576,372	-1.8%	7.2%
Restricted - expendable	300,112,226	346,084,923	235,532,348	15.3%	-31.9%
Unrestricted	579,297,583	619,744,610	689,168,724	7.0%	11.2%
Total net assets	<u>\$ 2,747,777,923</u>	<u>\$ 2,876,190,778</u>	<u>\$ 3,038,076,302</u>	<u>4.7%</u>	<u>5.6%</u>

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

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

At June 30, 2010 current assets totaled \$771.4 million and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets decreased 9.8% (\$84.3 million) from June 30, 2009. Since June 30, 2008 current assets though have only decreased 1.7% (\$13.1 million). Cash, cash equivalents, and short-term investments constituted approximately 58% and 59% of current assets as of June 30, 2010 and 2009 respectively, while accounts receivables constituted approximately 35% of current assets for both years. Approximately 49% and 52% of these net receivables are amounts due from gifts, contracts and grants and the State of Mississippi for appropriations as of June 30, 2010 and 2009 respectively while 31% (2010) and 29% (2009) were related to patient care receivables from UMMC.

At June 30, 2010, current liabilities equaled \$314.3 million and consisted primarily of accounts payable and accrued liabilities, and deferred revenues. Deferred revenues include advance receipts for athletic ticket sales, summer tuition, fees, and student housing. Current liabilities increased 10.9% (\$30.9 million) from June 30, 2009. Since June 30, 2008 current liabilities have increased almost 16% (\$42.7 million). In more detail, significant

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

increases were incurred in the areas of accounts payable (\$14.4 million) and deferred revenues (\$18.2 million) by several IHL institutions during 2010.

At June 30, 2010 and 2009, non-current assets totaled \$3.6 billion and \$3.2 billion respectively, and included capital assets of \$2.7 billion (2010) and \$2.5 billion (2009). Cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$720.1 million at June 30, 2010 and \$555.2 million at June 30, 2009. One other significant non-current asset of the IHL System was student notes receivable which equaled \$110.7 million at June 30, 2010 and \$111.0 million at June 30, 2009. In total, non-current assets increased 11.8% (\$372.3 million) during the past twelve months. Since June 30, 2008, these non-current assets have actually increased 18.7% (\$557.9 million). The majority of this increase has been seen in the accumulation of capital assets of \$353.2 million. Specifically, the IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$382.7 million since June 30, 2008. Additional details about the IHL System's capital asset growth can be seen in the Capital Asset and Debt Administration section of this report.

Non-current liabilities are those liabilities due and payable more than twelve months from year-end (June 30th). Non-current liabilities equaled \$958.1 million at June 30, 2010 and \$862.9 million at June 30, 2009. These liabilities have increased 28.4% (or \$211.7 million) since June 30, 2008. The principal reason for this large increase was the incurrence of new bonded debt issues at many of the institutions. During recent years, the IHL System has experienced unparalleled levels of new construction and renovation to its existing facilities. Additional details about the IHL System's capital debt can be seen in the Capital Asset and Debt Administration section of this report. Other non-current liabilities of significance include accrued compensated leave liabilities that will not be paid within the next fiscal year (\$88.3 million at June 30, 2010 and \$83.4 million at June 30, 2009), and non-current portions of unpaid claim liabilities relative to its self-insured programs, and government advance refundable obligations relative to the federal government's Perkins loan program in the event of termination.

Restricted non-expendable net assets equaled \$114.6 million and \$106.9 million at June 30, 2010 and 2009 respectively, and consisted of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to principal. The values of these net assets have increased approximately \$5.7 million or 5% since June 30, 2008.

Restricted expendable net assets equaled \$235.5 million at June 30, 2010 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 values of these net assets have actually decreased \$64.6 million since June 30, 2008. The primary reason for this decrease was the result of a re-review of intended accounting classification per the investments stated intent. After this review, several investments were reclassified to the unrestricted classification.

Statement of Revenues, Expenses and Changes in Net Assets

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

The IHL System's consolidated SRECNA for the year ended June 30, 2010 indicates a net operating loss of \$824.8 million and compares to a net operating loss of \$866.3 million in 2009. The change from 2009 to 2010 represents a \$41.4 million overall decrease in the annual net operating loss. Since June 30, 2008, the IHL System's annual net operating loss has decreased 2.2% (or \$19.9 million). What this two year change means is that operating revenues have been growing at a faster rate (13.4%) than have operating expenses (8.1%). The net operating loss does not include the effects of non-operating items such as state appropriations revenues, certain gift revenues, or net investment earnings. A summary of the IHL System's SRECNA for the last three fiscal years is shown below.

	For the Years Ended			Changes Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
Operating revenues	\$ 1,598,226,525	\$ 1,716,514,359	\$ 1,820,332,746	7.4%	6.0%
Operating expenses	2,442,925,288	2,582,796,084	2,645,178,096	5.7%	2.4%
Operating income (loss)	(844,698,763)	(866,281,725)	(824,845,350)	2.6%	-4.8%
Non-operating revenues (expense)	908,492,202	852,763,749	880,985,831	-6.1%	3.3%
Income (loss) before other revenues, expenses, gains or losses	63,793,439	(13,517,976)	56,140,481	-121.2%	-515.3%
Other revenues, expenses, gains or losses	115,999,202	141,930,831	105,745,043	22.4%	-25.5%
Increase in net assets	179,792,641	128,412,855	161,885,524	-28.6%	26.1%
Net assets at beginning of the year - restated	2,567,985,282	2,747,777,923	2,876,190,778	7.0%	4.7%
Net assets at the end of the year	\$ 2,747,777,923	\$ 2,876,190,778	\$ 3,038,076,302	4.7%	5.6%

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Operating Revenues

Operating revenues for the IHL System equaled \$1.8 billion for fiscal year 2010 compared to \$1.7 billion in 2009. Operating revenues increased 6.0% (or \$103.8 million) during 2010, and an additional 7.4% (or \$118.3 million) during 2009. Major components of operating revenues are UMMC patient care revenues (37% in 2010 and 35% in 2009), grants and contracts revenues (27% in 2010 and 29% in 2009), net tuition and fees (20% in 2010 and 21% in 2009), and sales and service revenues from auxiliary activities (10% in 2010 and 9% in 2009). The following table summarizes the IHL System's operating revenues for the past three fiscal years.

	For the Years Ended			Changes Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
	Tuition and Fees (net)	\$ 324,558,260	\$ 355,813,578	\$ 368,712,223	9.6%
Grants and Contracts	473,876,115	495,371,300	491,378,374	4.5%	-0.8%
Federal Appropriations	15,235,366	14,762,103	13,440,511	-3.1%	-9.0%
Sales and Services of educational departments	50,435,806	47,257,293	52,271,161	-6.3%	10.6%
Auxiliary Enterprises (net)	157,688,663	157,195,204	179,515,593	-0.3%	14.2%
Patient Care revenues	531,192,186	599,612,765	673,216,880	12.9%	12.3%
Other	45,240,129	46,502,116	41,798,004	2.8%	-10.1%
Total Operating revenues	<u>\$ 1,598,226,525</u>	<u>\$ 1,716,514,359</u>	<u>\$ 1,820,332,746</u>	<u>7.4%</u>	<u>6.0%</u>

Net tuition and fee revenues increased 3.6% (or \$12.9 million) in fiscal year 2010. IHL institutions did not raise their in-state tuition rates during 2010, thus the overall revenue increase for the year was mainly attributable to enrollment growth. Non Mississippi residents did pay a higher tuition rate during 2010 (a 5.7% average rate increase). In fiscal year 2009, the IHL institutions did raise their in-state and non-resident tuition rates and this fact, along with enrollment growth yielded an additional 9.6% (or \$31.2 million) in tuition revenue.

Grants and contracts revenue decreased 0.8% (or \$4.0 million) during fiscal year 2010. In fiscal year 2009 though these revenues increased 4.5% or \$21.5 million.

Patient care revenues (UMMC) continued to increase substantially during 2010 (\$73.6 million or 12.3%). Since 2008, these revenues have grown by \$142.0 million or 26.7%. These increases are attributable to large volume increases in patient admissions, as well as general service price hikes and recent software implementation changes resulting in streamlines/efficiencies in the medical center's revenue cycle.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management’s Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Operating Expenses

Operating expenses for the IHL System totaled \$2.65 billion for fiscal year 2010 compared to \$2.6 billion in 2009. Operating expenses increased 2.4% (or \$62.4 million) during 2010, and an additional 5.7% (or \$139.9 million) during 2009. Personnel costs (including fringe benefits) were the largest expenditure component for the system, representing 58% of the total in both 2010 and 2009. Other major components were contractual service expenses (16% and 18% respectively), commodities (10% both years), and scholarships and fellowship expenditures (6% and 5% respectively). The following table summarizes the IHL System’s operating expenses (by major object category) for the past three fiscal years.

By Major Object Category	For the Years Ended			Changes Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
	Salaries and wages	\$ 1,091,776,007	\$ 1,162,961,844	\$ 1,211,246,243	6.5%
Fringe benefits	305,152,746	322,469,156	334,165,951	5.7%	3.6%
Travel	46,314,254	45,546,636	41,633,900	-1.7%	-8.6%
Contractual services	436,926,690	456,543,617	434,281,566	4.5%	-4.9%
Utilities	67,493,528	73,181,756	61,788,107	8.4%	-15.6%
Scholarships and fellowships	125,121,663	134,638,181	164,808,834	7.6%	22.4%
Commodities	265,298,795	265,788,199	275,398,108	0.2%	3.6%
Depreciation	99,791,287	109,528,387	115,971,798	9.8%	5.9%
Other	5,050,318	12,138,308	5,883,589	140.3%	-51.5%
Total Operating expenses	<u>\$ 2,442,925,288</u>	<u>\$ 2,582,796,084</u>	<u>\$ 2,645,178,096</u>	<u>5.7%</u>	<u>2.4%</u>

IHL personnel costs (salaries, wages and fringe benefits) increased 4.2% (\$60.0 million) during 2010. Much of this increase was experienced at UMMC (\$40.2 million) where several new faculty positions were employed to accommodate larger student class sizes in the school of medicine as well as employment position increases in the department of information systems which supports the medical centers education, research and patient care missions. A three year analysis of IHL personnel costs will also show that these costs increased 10.6% (or \$148.5 million) since 2008. Salary increases in 2009 were generally limited to market adjustments, other than an additional \$50.8 million increase at UMMC for similar reasons previously mentioned above. Scholarships and fellowships expenditures increased 22.4% (or \$30.2 million) in 2010. Couple that with a \$9.5 million increase in 2009, this category of expense has grown at a two year rate of 31.7% since 2008. The increases were partly a response to general tuition rate increases enacted in 2009, but also reflects a strategy to enhance enrollment growth with the provision of improved institutional and federally sponsored financial aid packages. Due in part to successful campus sustainability, or “Green” programs as well as some utility rate reductions, the System’s utilities expense actually decreased 15.6% during 2010, resulting in a savings of \$11.4 million over prior year costs.

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

By Function	For the Years Ended			Change Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
	Instruction	\$ 546,956,440	\$ 564,371,754	\$ 581,364,784	3.2%
Research	331,813,167	333,629,057	332,762,585	0.5%	-0.3%
Public service	152,388,258	174,670,061	161,076,651	14.6%	-7.8%
Academic support	127,246,899	132,690,413	131,477,039	4.3%	-0.9%
Student services	66,748,981	67,584,677	67,109,602	1.3%	-0.7%
Institutional support	216,369,208	202,970,115	228,615,161	-6.2%	12.6%
Operations & Maintenance of Plant	157,863,858	157,076,379	148,257,361	-0.5%	-5.6%
Student aid	137,108,770	139,884,071	167,408,125	2.0%	19.7%
Auxiliary enterprises	162,083,151	174,916,490	167,337,986	7.9%	-4.3%
Depreciation	95,213,387	102,856,799	115,967,646	8.0%	12.7%
Hospital	492,792,720	578,967,246	592,753,855	17.5%	2.4%
Other	4,253,607	2,207,358	2,706,863	-48.1%	22.6%
Eliminations	(47,913,158)	(49,028,336)	(51,659,562)	2.3%	5.4%
Total Operating expenses	<u>\$ 2,442,925,288</u>	<u>\$ 2,582,796,084</u>	<u>\$ 2,645,178,096</u>	<u>5.7%</u>	<u>2.4%</u>

Funding the Instruction function continues to be the one of the IHL System's highest priorities, 22% of the total expenditure pie in both 2010 and 2009. In fact, the System expended an additional 3.0% (or \$17.0 million) in the area of classroom instruction during 2010. Since 2008, instructional costs have increased 6.2% or \$34.4 million. Institutional Research (internal and external) costs continues to command one the IHL's significant cost directions. While remaining steady since 2008, these costs represent approximately 12% to 13% of the IHL System's total focus. Public Service sector expenditures decreased 7.8% (\$13.6 million) during 2010. Institutional support costs typically present the functions of the executive management department, general administration and logistical support services, computing, public relations and development. These costs increased in 2010, up 12.6% (or \$25.6 million). Offset partially by a decrease in 2009, institutional support expenditures have increased \$12.3 million since 2008 (5.7%). Auxiliary enterprise costs include all expenditures associated with departments that primarily exist to furnish goods or services to students, faculty, or staff and that charge a fee directly related to, although not necessarily equal to, the cost of the goods and services. Auxiliary departments are required to be essentially self-supporting activities. Examples are (1) Student housing, (2) Food Services, (3) Bookstores, and (4) Intercollegiate Athletics. These auxiliary expenditures decreased 4.3% (or \$7.6 million) in fiscal year 2010, but have increased slightly (\$5.3 million) since 2008. Hospital expenditures continue to increase, although at a slower pace than the prior year. These costs were incurred by UMMC during the course of their treatment of patients. Hospital costs rose 2.4% in FY 2010 (or \$13.8 million). Since 2008, Hospital expenses have risen 19.9% (or \$100.0 million). Increased patient volumes, as well as medical procedure rate adjustments were the main drivers for these increases.

From fiscal year 2008 through 2010, 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. The eliminations were mostly channeled through the scholarships and fellowships line-item as presented by major object code category.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Capital Asset and Debt Administration

At June 30, 2010, the IHL System had almost \$2.7 billion invested in a broad range of capital assets. These assets are comprised of land, buildings and improvements (infrastructure), equipment and library books. They are stated net of accumulated depreciation. The following table summarizes the IHL System's Capital Assets for the most recent three year-end reporting dates.

	For the Years Ended			Change Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
Capital assets not being depreciated	\$ 441,527,247	\$ 445,456,058	\$ 447,072,199	0.9%	0.4%
Depreciable capital assets:					
Improvements other than buildings	205,157,717	238,161,724	252,348,893	16.1%	6.0%
Buildings	2,030,614,868	2,182,796,569	2,413,303,564	7.5%	10.6%
Equipment	519,297,833	541,631,366	566,347,955	4.3%	4.6%
Library Books	300,049,479	314,257,831	328,134,814	4.7%	4.4%
Total depreciable capital assets	<u>3,055,119,897</u>	<u>3,276,847,490</u>	<u>3,560,135,226</u>	<u>7.3%</u>	<u>8.6%</u>
Total cost of capital assets	3,496,648,144	3,722,303,548	4,007,207,425	6.5%	7.7%
Less accumulated depreciation	<u>(1,150,112,166)</u>	<u>(1,225,062,841)</u>	<u>(1,307,493,996)</u>	<u>6.5%</u>	<u>6.7%</u>
Capital assets, net	<u>\$ 2,346,535,978</u>	<u>\$ 2,497,240,707</u>	<u>\$ 2,699,713,429</u>	<u>6.4%</u>	<u>8.1%</u>

Non-depreciable capital assets equaled \$447.1 million at June 30, 2010 and \$445.5 million at June 30, 2009. These assets principally consisted of land and construction in progress.

The System experienced strong growth in two capital asset areas, Buildings and Improvements other than Buildings (i.e., Infrastructure). These assets increased 10.6% and 6.0% respectively during 2010. Since fiscal year 2008, the gross value of its Building facilities has increased \$382.7 million (or 18.1%), while campus infrastructure values have grown an additional \$47.2 million (or 22.1%) during that period. Each IHL institution recorded sizable capital asset additions during fiscal year 2010. Some of the more significant additions are listed below.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

- ASU began construction of a new student housing project;
- JSU finished construction of a School of Engineering facility and incurred significant renovations to Johnson Dansby Hall;
- MSU began construction on a new student housing project as well as continued several significant renovation projects to academic facilities;
- MUW continued major renovations to Poindexter Hall;
- MVSU finished construction of a new Science and Technology facility and continued renovations to its IT-Science Technology facility;
- UM continued with several major construction projects....a new Law School facility and a new Residential College housing facility;
- USM continued construction on numerous projects....the Trent Lott Center for Economic Development, the 4th Street Housing Complex, and the construction of a new campus parking garage facility; and
- UMMC continued renovations on several campus facilities, including the boiler replacements and HVAC upgrades.

Please refer to the June 30, 2009 and June 30, 2008 audited financial statements for a description of significant additions during those fiscal years.

At June 30, 2010, the IHL System had \$789.2 in bonded debt, notes payable and capital lease obligations. This represented a 13.3% (or \$92.5 million) increase over the prior year-end. The following table summarizes the System's long-term debt for the most recent three year-end reporting dates.

	For the Years Ended			Change Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
	Bonds Payable	\$ 555,915,540	\$ 667,866,841	\$ 753,065,137	20.1%
Notes Payable	6,185,380	5,902,637	20,969,833	-4.6%	255.3%
Capital Lease Obligations	31,109,799	22,922,268	15,126,721	-26.3%	-34.0%
Total depreciable capital assets	<u>\$ 593,210,719</u>	<u>\$ 696,691,746</u>	<u>\$ 789,161,691</u>	<u>17.4%</u>	<u>13.3%</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Bonded debt increased 12.8% (or \$85.2 million) during 2010. This increase was a result of several new bond issuances made by IHL institutions during the past 12 months. Significant new issuances for 2010 included those at ASU (\$47.0 million), UM (\$14.77 million), and USM (\$15.52 million). These issuances were used to fund construction of new student residence halls at ASU and UM and a parking garage at USM.

Statement of Cash Flows

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

	For the Years Ended			Change Between Years	
	June 30, 2008	June 30, 2009	June 30, 2010	2008 to 2009	2009 to 2010
Cash flows activities from:					
Operating	\$ (720,472,154)	\$ (694,734,810)	\$ (666,207,368)	-3.6%	-4.1%
Non-capital financing	909,527,330	882,230,303	887,762,113	-3.0%	0.6%
Capital and related financing	(171,740,121)	(51,631,511)	(154,771,962)	-69.9%	199.8%
Investing	113,599,553	(32,473,870)	(31,965,527)	-128.6%	-1.6%
Net increase (decrease) in cash & cash equivalents	130,914,608	103,390,112	34,817,256	-21.0%	-66.3%
Cash and cash equivalents - Beginning of Year	288,911,031	419,825,639	523,215,749	45.3%	24.6%
Cash and cash equivalents - End of Year	419,825,639	523,215,751	558,033,005	24.6%	6.7%
Cash and cash equivalents classified as:					
Current assets	298,676,728	342,514,748	259,197,812	14.7%	-24.3%
Non-current assets	121,148,911	180,701,003	298,835,193	49.2%	65.4%
Total Cash and cash equivalents	\$ 419,825,639	\$ 523,215,751	\$ 558,033,005	24.6%	6.7%

Major sources of funds included in operating activities for fiscal year 2010, were student tuition and fees (\$370.9 million), grants and contracts (\$509.6 million), patient care services (\$679.4 million), and auxiliary enterprises (\$189.9 million). Major uses of funds included in operating activities were payments for employees' salaries and benefits (\$1.54 billion), payments to suppliers (\$736.5 million), and payments made for scholarships and fellowships (\$164.3 million).

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2010 and 2009

Major sources of funds included in the non-capital financing activities for fiscal year 2010 include state appropriations (\$709.0 million) and gifts and grants received for purposes other than capital endeavors (\$163.3 million).

Major sources of funds included in the capital and related financing activities section for fiscal year 2010 include proceeds from capital debt issuances (\$270.2 million), and grants and contract funding designated for capital projects (\$51.5 million). Major uses of funds in this section include direct cash payments made for capital assets (\$270.9 million), and principal and interest payments made to retire capital debt (\$226.4 million).

Economic Outlook

The overall financial position of the IHL System remains strong. The IHL System continues to successfully respond to significant challenges to its academic programs, stemming from the national and local economic downturns. IHL began the 2011 fiscal year with a system wide budget reduction of \$88.2 million. Furthermore, the IHL is bracing for an additional budget reduction in fiscal year 2012 that could range anywhere from a low of 3% to a high of 8% or 9%. It is not until fiscal year 2013 before there is a belief that there will be some relief to this downturn in legislative appropriations. Currently, State appropriated revenues comprise approximately 26% of the IHL System's total revenues. Despite the continuation of this difficult economic situation, the IHL System maintains high credit ratings from Moody's (Aa3) and Standard & Poor's (AA-). Achieving and maintaining these high credit ratings provides the IHL System a higher degree of flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the IHL System to provide the necessary resources to support a level of excellence in service to students, patients, the research community, the State of Mississippi and the nation as a whole.

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

While it is not possible at this time to predict the ultimate results, management believes that the IHL System's financial condition will remain relatively strong and stable into FY 2011 and beyond. Management at each institution has a proven track record of successfully adapting to this present economic environment while continuing to search for new opportunities to complement state support. The IHL System's financial goal, as always, is to deliver quality services to its customers and constituents while maintaining financial integrity.

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Net Assets

June 30, 2010 and 2009

Assets	2010	2009
Current assets:		
Cash and cash equivalents	\$ 259,197,812	342,514,748
Short-term investments	186,804,777	163,888,934
Accounts receivable, net	274,473,260	292,772,341
Student notes receivable, net	12,707,902	11,485,369
Inventories	22,499,730	22,113,901
Prepaid expenses	15,162,191	12,047,803
Other current assets	591,201	10,902,618
Total current assets	<u>771,436,873</u>	<u>855,725,714</u>
Noncurrent assets:		
Restricted cash and cash equivalents	298,835,193	180,701,003
Restricted short-term investments	2,737,416	11,443,294
Endowment investments	171,512,385	157,961,394
Other long-term investments	247,062,704	205,048,500
Student notes receivable, net	110,700,350	110,986,535
Capital assets, net	2,699,713,429	2,497,240,707
Other noncurrent assets	8,532,924	3,447,513
Total noncurrent assets	<u>3,539,094,401</u>	<u>3,166,828,946</u>
Total assets	<u>\$ 4,310,531,274</u>	<u>4,022,554,660</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 169,017,158	154,597,040
Deferred revenues	61,866,836	43,662,109
Accrued leave liabilities-current portion	8,034,780	8,271,349
Long-term liabilities-current portion	45,590,681	39,801,345
Other current liabilities	29,816,008	37,094,785
Total current liabilities	<u>314,325,463</u>	<u>283,426,628</u>
Noncurrent liabilities:		
Deposits refundable	1,236,815	1,181,648
Accrued leave liabilities	88,314,243	83,381,941
Long-term liabilities	767,564,854	667,352,033
Other long-term liabilities	101,013,597	111,021,632
Total noncurrent liabilities	<u>958,129,509</u>	<u>862,937,254</u>
Total liabilities	<u>1,272,454,972</u>	<u>1,146,363,882</u>
Net assets:		
Invested in capital assets, net of related debt	1,998,798,858	1,803,489,983
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	15,635,072	14,907,094
Research	4,091,409	3,831,015
Other purposes	94,849,891	88,133,153
Expendable:		
Scholarships and fellowships	49,769,609	49,474,781
Research	53,742,613	59,343,117
Capital projects	34,371,296	143,756,444
Debt service	7,810,479	10,383,709
Loans	39,408,839	37,987,133
Other purposes	50,429,512	45,139,739
Unrestricted	689,168,724	619,744,610
Total net assets	<u>3,038,076,302</u>	<u>2,876,190,778</u>
Total liabilities and net assets	<u>\$ 4,310,531,274</u>	<u>4,022,554,660</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, 2010 and 2009

Assets	2010	2009
Cash	\$ 4,509,074	2,370,160
Restricted cash	2,823,125	2,032,354
Accrued interest, other receivables and prepaid assets	429,215	568,524
Receivable from Mississippi State University	7,383	2,982
Receivable from MSU Alumni Foundation	11,053	12,933
Receivable from MSU Alumni Association	111,661	131,424
Notes receivable	277,971	366,117
Pledges receivable, net	17,353,218	19,562,300
Investments	230,578,784	204,400,418
Present value of amounts due from externally managed trusts	28,799,932	26,986,042
Land, buildings, and equipment	11,802,222	12,540,166
Total assets	\$ 296,703,638	268,973,420
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,738,325	2,484,360
Agency payable	2,823,125	2,032,354
Obligation under capital leases	2,821,970	3,175,353
Liabilities under split interest agreements	3,942,324	3,784,736
Note payable	228,813	267,941
Total liabilities	11,554,557	11,744,744
Net assets (deficit):		
Unrestricted	11,139,689	(3,839,125)
Temporarily restricted	33,569,574	32,564,787
Permanently restricted	240,439,818	228,503,014
Total net assets	285,149,081	257,228,676
Total liabilities and net assets	\$ 296,703,638	268,973,420

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, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 8,862,840	3,671,027
Pledges receivable, less allowance for doubtful pledges of \$3,667,008 in 2010 and \$1,771,452 in 2009	19,394,674	22,273,648
Investments	279,527,616	250,547,579
Beneficial interest in remainder trust	4,511,220	3,730,226
Other assets	10,232,349	1,642,405
Property and equipment, net	1,992,201	2,087,430
Total assets	\$ 324,520,900	283,952,315
Liabilities and Net Assets		
Liabilities:		
Funds held for others	\$ 17,719,982	15,686,378
Liabilities under remainder trusts	4,356,502	4,352,873
Other liabilities	16,611,935	2,858,813
Total liabilities	38,688,419	22,898,064
Net assets (deficit):		
Unrestricted	4,806,645	(2,231,842)
Temporarily restricted	130,827,278	123,853,162
Permanently restricted	150,198,558	139,432,931
Total net assets	285,832,481	261,054,251
Total liabilities and net assets	\$ 324,520,900	283,952,315

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, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 6,287,959	21,013,665
Accrued interest	142,641	199,026
Prepaid assets and other receivables	145,485	243,125
Advances to The University of Southern Mississippi	—	360,275
Amounts due from brokers	176,967	—
Pledges receivable, net	11,106,813	6,298,395
Investments	61,044,099	42,511,749
Present value of amounts due from externally managed trusts	1,453,640	1,575,976
Net investment in direct financing lease	1,385,060	1,532,351
Property and equipment, net	394,890	446,540
Total assets	\$ 82,137,554	74,181,102
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 402,740	464,686
Line of credit	1,322,113	1,474,503
Amounts due to brokers	—	48,391
Gift annuities payable	402,111	410,186
Liability for amounts held for others	3,524	7,877
Total liabilities	2,130,488	2,405,643
Net assets:		
Unrestricted	2,563,938	1,274,079
Temporarily restricted	30,631,514	24,999,373
Permanently restricted	46,811,614	45,502,007
Total net assets	80,007,066	71,775,459
Total liabilities and net assets	\$ 82,137,554	74,181,102

See accompanying notes to consolidated financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Revenues, Expenses and Changes in Net Assets

Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Tuition and fees:	\$ 506,191,746	471,728,502
Less scholarship allowances	(133,583,284)	(112,734,581)
Less bad debt expense	(3,896,239)	(3,180,343)
Net tuition and fees	<u>368,712,223</u>	<u>355,813,578</u>
Federal appropriations	13,440,511	14,762,103
Federal grants and contracts	382,773,028	381,365,983
State grants and contracts	43,792,143	44,974,205
Nongovernmental grants and contracts	64,813,203	69,031,112
Sales and services of educational departments	52,271,161	47,257,293
Auxiliary enterprises:		
Student housing	66,953,556	60,507,738
Food services	20,169,819	19,421,159
Bookstore	6,723,518	6,780,999
Athletics	78,229,869	62,798,294
Other auxiliary revenues	30,231,485	27,942,224
Less auxiliary enterprise scholarship allowances	(22,792,654)	(20,255,210)
Interest earned on loans to students	842,709	855,598
Patient care revenues, net	673,216,880	599,612,765
Other operating revenues, net	40,955,295	45,646,518
Total operating revenues	<u>1,820,332,746</u>	<u>1,716,514,359</u>
Operating expenses:		
Salaries and wages	1,211,246,243	1,162,961,844
Fringe benefits	334,165,951	322,469,156
Travel	41,633,900	45,546,636
Contractual services	434,281,566	456,543,617
Utilities	61,788,107	73,181,756
Scholarships and fellowships	164,808,834	134,638,181
Commodities	275,398,108	265,788,199
Depreciation	115,971,798	109,528,387
Other operating expenses	5,883,589	12,138,308
Total operating expenses	<u>2,645,178,096</u>	<u>2,582,796,084</u>
Operating loss	<u>(824,845,350)</u>	<u>(866,281,725)</u>
Nonoperating revenues (expenses):		
State appropriations	662,817,225	750,566,703
State Fiscal Stabilization Funds	35,471,215	—
State Medicaid Funds	14,243,449	—
Gifts and grants	172,654,589	142,985,933
Investment income (loss)	31,608,381	(6,246,108)
Interest expense on capital asset-related debt	(29,336,236)	(30,363,843)
Other nonoperating revenues	492,541	5,099,661
Other nonoperating expenses	(6,965,333)	(9,278,597)
Total net nonoperating revenues (expenses)	<u>880,985,831</u>	<u>852,763,749</u>
Income (loss) before other revenues, expenses, gains and losses	56,140,481	(13,517,976)
Other revenues, expenses, gains and losses:		
Capital grants and gifts	56,379,524	67,404,224
State appropriations restricted for capital purposes	48,548,538	70,213,557
Additions to permanent endowments	2,084,426	4,855,942
Other additions	2,087,304	6,266,776
Other deletions	(3,354,749)	(6,809,668)
Change in net assets	<u>161,885,524</u>	<u>128,412,855</u>
Net assets – beginning of year	<u>2,876,190,778</u>	<u>2,747,777,923</u>
Net assets – end of year	<u>\$ 3,038,076,302</u>	<u>2,876,190,778</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, 2010

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Contributions	\$ 3,692,435	9,830,893	9,234,758	22,758,086
Net investment income	15,173,009	8,437,435	482,982	24,093,426
Change in value of split interest agreements	—	117,294	2,219,064	2,336,358
Other	2,619,994	86,971	—	2,706,965
Net assets released from restrictions	17,467,806	(17,467,806)	—	—
Total revenues and support	<u>38,953,244</u>	<u>1,004,787</u>	<u>11,936,804</u>	<u>51,894,835</u>
Expenditures:				
Program services:				
Contributions and support for Mississippi State University	17,667,275	—	—	17,667,275
Contributions and support for Bulldog Club	489,599	—	—	489,599
Contributions and support for Bulldog Foundation	63,504	—	—	63,504
Contributions and support for MSU Alumni Association	513,275	—	—	513,275
Total program services	<u>18,733,653</u>	<u>—</u>	<u>—</u>	<u>18,733,653</u>
Supporting services:				
General and administrative	2,685,370	—	—	2,685,370
Fund raising	2,555,407	—	—	2,555,407
Total supporting services	<u>5,240,777</u>	<u>—</u>	<u>—</u>	<u>5,240,777</u>
Total expenditures	<u>23,974,430</u>	<u>—</u>	<u>—</u>	<u>23,974,430</u>
Increase in net assets	14,978,814	1,004,787	11,936,804	27,920,405
Net assets (deficit) at beginning of year	<u>(3,839,125)</u>	<u>32,564,787</u>	<u>228,503,014</u>	<u>257,228,676</u>
Net assets at end of year	<u>\$ 11,139,689</u>	<u>33,569,574</u>	<u>240,439,818</u>	<u>285,149,081</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, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Contributions	\$ 4,675,367	12,387,527	11,073,098	28,135,992
Net investment loss	(24,242,720)	(7,203,227)	(332,523)	(31,778,470)
Change in value of split interest agreements	—	(164,376)	392,000	227,624
Other	2,562,793	—	—	2,562,793
Change in restrictions by donor	455,046	(599,481)	144,435	—
Net assets released from restrictions	17,330,572	(17,330,572)	—	—
Total revenues and support	<u>781,058</u>	<u>(12,910,129)</u>	<u>11,277,010</u>	<u>(852,061)</u>
Expenditures:				
Program services:				
Contributions and support for Mississippi State University	17,875,592	—	—	17,875,592
Contributions and support for Bulldog Club	2,387,142	—	—	2,387,142
Contributions and support for Bulldog Foundation	21,375	—	—	21,375
Contributions and support for MSU Alumni Association	566,877	—	—	566,877
Total program services	<u>20,850,986</u>	<u>—</u>	<u>—</u>	<u>20,850,986</u>
Supporting services:				
General and administrative	2,453,821	—	—	2,453,821
Fund raising	2,780,273	—	—	2,780,273
Total supporting services	<u>5,234,094</u>	<u>—</u>	<u>—</u>	<u>5,234,094</u>
Total expenditures	<u>26,085,080</u>	<u>—</u>	<u>—</u>	<u>26,085,080</u>
(Decrease) increase in net assets	(25,304,022)	(12,910,129)	11,277,010	(26,937,141)
Net assets at beginning of year	<u>21,464,897</u>	<u>45,474,916</u>	<u>217,226,004</u>	<u>284,165,817</u>
Net assets (deficit) at end of year	<u>\$ (3,839,125)</u>	<u>32,564,787</u>	<u>228,503,014</u>	<u>257,228,676</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, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions, gifts, and bequests	\$ —	17,588,774	6,265,205	23,853,979
Dividend and interest income	1,418,841	6,570,426	—	7,989,267
Net unrealized and realized gains on investments	6,832,070	13,922,736	—	20,754,806
Change in value of split-interest agreements	—	780,994	(265,180)	515,814
Other income	1,515,780	3,102,752	12,927	4,631,459
Total revenues, gains, and other support	<u>9,766,691</u>	<u>41,965,682</u>	<u>6,012,952</u>	<u>57,745,325</u>
Net assets released from restrictions/ redesignated by donor	30,238,891	(34,991,566)	4,752,675	—
Expenses:				
Support for University activities	30,012,083	—	—	30,012,083
General and administrative expenses	1,802,674	—	—	1,802,674
Fund-raising expenses	1,152,338	—	—	1,152,338
Total expenses	<u>32,967,095</u>	<u>—</u>	<u>—</u>	<u>32,967,095</u>
Change in net assets	7,038,487	6,974,116	10,765,627	24,778,230
Net assets (deficit), beginning of year	<u>(2,231,842)</u>	<u>123,853,162</u>	<u>139,432,931</u>	<u>261,054,251</u>
Net assets, end of year	<u>\$ 4,806,645</u>	<u>130,827,278</u>	<u>150,198,558</u>	<u>285,832,481</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, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Contributions, gifts, and bequests	\$ —	20,400,351	8,316,897	28,717,248
Dividend and interest income	1,029,492	8,636,791	—	9,666,283
Net unrealized and realized losses on investments	(9,785,640)	(35,708,466)	—	(45,494,106)
Change in value of split-interest agreements	—	312,461	580,077	892,538
Other income	1,685,620	1,942,597	8,588	3,636,805
Total revenues, gains, and other support	<u>(7,070,528)</u>	<u>(4,416,266)</u>	<u>8,905,562</u>	<u>(2,581,232)</u>
Net assets released from restrictions/ redesignated by donor	38,840,006	(39,524,248)	684,242	—
Expenses:				
Support for University activities	37,484,939	—	—	37,484,939
General and administrative expenses	1,708,053	—	—	1,708,053
Fund-raising expenses	1,000,639	—	—	1,000,639
Total expenses	<u>40,193,631</u>	<u>—</u>	<u>—</u>	<u>40,193,631</u>
Change in net assets	(8,424,153)	(43,940,514)	9,589,804	(42,774,863)
Net assets, beginning of year	<u>6,192,311</u>	<u>167,793,676</u>	<u>129,843,127</u>	<u>303,829,114</u>
Net assets (deficit), end of year	<u>\$ (2,231,842)</u>	<u>123,853,162</u>	<u>139,432,931</u>	<u>261,054,251</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, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 1,828,217	10,209,491	1,032,174	13,069,882
Net investment gain	2,054,658	2,001,026	111,464	4,167,148
Change in value of split interest agreements	—	22,526	(68,527)	(46,001)
Other	71,598	79,192	83,346	234,136
Change in restriction by donor	(42,100)	(109,050)	151,150	—
Net assets released from restrictions	6,571,044	(6,571,044)	—	—
Total revenues, gains and other support	<u>10,483,417</u>	<u>5,632,141</u>	<u>1,309,607</u>	<u>17,425,165</u>
Expenses:				
Program services:				
Contributions and support for The University of Southern Mississippi	6,701,585	—	—	6,701,585
Total program services	<u>6,701,585</u>	<u>—</u>	<u>—</u>	<u>6,701,585</u>
Supporting services:				
General and administrative	1,584,974	—	—	1,584,974
Fund raising	906,999	—	—	906,999
Total supporting services	<u>2,491,973</u>	<u>—</u>	<u>—</u>	<u>2,491,973</u>
Total expenses	<u>9,193,558</u>	<u>—</u>	<u>—</u>	<u>9,193,558</u>
Increase in net assets	1,289,859	5,632,141	1,309,607	8,231,607
Net assets at beginning of year	<u>1,274,079</u>	<u>24,999,373</u>	<u>45,502,007</u>	<u>71,775,459</u>
Net assets at end of year	<u>\$ 2,563,938</u>	<u>30,631,514</u>	<u>46,811,614</u>	<u>80,007,066</u>

See accompanying notes to consolidated 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, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 1,757,415	9,453,383	1,168,478	12,379,276
Net investment loss	(1,981,483)	(6,265,702)	(364,284)	(8,611,469)
Change in value of split interest agreements	—	20,807	(416,039)	(395,232)
Other	(26,272)	188,825	88,993	251,546
Change in restriction by donor	4,278	(64,263)	59,985	—
Net assets released from restrictions	7,946,467	(7,946,467)	—	—
Total revenues, gains and other support	<u>7,700,405</u>	<u>(4,613,417)</u>	<u>537,133</u>	<u>3,624,121</u>
Expenses:				
Program services:				
Contributions and support for The University of Southern Mississippi	8,133,099	—	—	8,133,099
Total program services	<u>8,133,099</u>	<u>—</u>	<u>—</u>	<u>8,133,099</u>
Supporting services:				
General and administrative	1,379,616	—	—	1,379,616
Fund raising	960,360	—	—	960,360
Total supporting services	<u>2,339,976</u>	<u>—</u>	<u>—</u>	<u>2,339,976</u>
Total expenses	<u>10,473,075</u>	<u>—</u>	<u>—</u>	<u>10,473,075</u>
(Decrease) increase in net assets	(2,772,670)	(4,613,417)	537,133	(6,848,954)
Net assets at beginning of year	<u>4,046,749</u>	<u>29,612,790</u>	<u>44,964,874</u>	<u>78,624,413</u>
Net assets at end of year	<u>\$ 1,274,079</u>	<u>24,999,373</u>	<u>45,502,007</u>	<u>71,775,459</u>

See accompanying notes to consolidated financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows

Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Tuition and fees	\$ 370,930,161	349,158,384
Grants and contracts	509,603,718	492,185,220
Sales and services of educational departments	52,363,378	49,509,193
Payments to suppliers	(736,498,248)	(768,643,676)
Payments to employees for salaries and benefits	(1,535,045,349)	(1,477,579,368)
Payments for utilities	(61,643,634)	(74,970,736)
Payment for scholarships and fellowships	(164,299,829)	(133,406,858)
Loans issued to students and employees	(22,797,098)	(22,307,863)
Collections of loans to students and employees	11,545,620	11,462,245
Auxiliary enterprise charges:		
Student housing	59,202,292	57,275,941
Food services	21,390,506	20,582,957
Bookstore	6,850,402	6,587,294
Athletics	75,993,336	59,910,311
Other auxiliary enterprises	26,459,711	22,070,512
Patient care services	679,371,431	659,836,440
Interest earned on loans to students	1,141,857	1,060,627
Other receipts	57,010,084	64,642,759
Other payments	(17,785,706)	(12,108,192)
Net cash used by operating activities	<u>(666,207,368)</u>	<u>(694,734,810)</u>
Noncapital financing activities:		
State appropriations	709,024,561	745,263,631
Gifts and grants for other than capital purposes	162,798,212	124,366,622
Private gifts for endowment purposes	2,048,428	4,819,180
Federal loan program receipts	446,496,899	404,222,080
Federal loan program disbursements	(449,211,289)	(404,271,041)
Other sources	22,941,542	10,569,387
Other uses	(6,336,240)	(2,739,556)
Net cash provided by noncapital financing activities	<u>887,762,113</u>	<u>882,230,303</u>
Capital and related financing activities:		
Proceeds from capital debt	270,162,866	257,696,812
Cash paid for capital assets	(270,932,704)	(185,684,860)
Capital appropriations received	(94,771)	1,185,274
Capital grants and contracts received	51,484,687	64,570,643
Proceeds from sales of capital assets	713,626	262,590
Principal paid on capital debt and leases	(191,019,349)	(155,369,840)
Interest paid on capital debt and leases	(35,380,554)	(30,481,334)
Other sources	23,356,905	1,938,075
Other uses	(3,062,668)	(5,748,871)
Net cash used by capital and related financing activities	<u>(154,771,962)</u>	<u>(51,631,511)</u>
Investing activities:		
Proceeds from sales and maturities of investments	355,479,931	389,506,013
Interest received on investments	20,360,282	18,520,123
Purchases of investments	(407,805,740)	(440,500,006)
Net cash used by investing activities	<u>(31,965,527)</u>	<u>(32,473,870)</u>
Net increase in cash and cash equivalents	34,817,256	103,390,112
Cash and cash equivalents – beginning of year	<u>523,215,749</u>	<u>419,825,639</u>
Cash and cash equivalents – end of the year	<u>\$ 558,033,005</u>	<u>523,215,751</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows

Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (824,845,350)	(866,281,725)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	115,971,798	109,528,386
Self-insured claims expense	18,928,170	15,693,000
Bad debt expense	259,556,165	298,537,117
Other	11,637,182	7,997,220
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables, net	(260,418,294)	(318,617,260)
Inventories	(385,831)	(1,291,992)
Prepaid expenses	(4,420,559)	(3,945,200)
Other assets	9,562,250	68,309,389
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	9,874,096	3,389,675
Deferred revenue	15,309,152	(986,520)
Deposits refundable	67,887	(1,133,206)
Accrued leave liability	6,504,049	4,807,333
Loans to students and employees	(5,454,526)	(5,810,006)
Other liabilities	(18,093,557)	(4,931,021)
Total adjustments	<u>158,637,982</u>	<u>171,546,915</u>
Net cash used by operating activities	\$ <u>(666,207,368)</u>	<u>(694,734,810)</u>
Reconciliation of cash and cash equivalents:		
Current assets – cash and cash equivalents	\$ 259,197,812	342,514,748
Noncurrent assets – restricted cash and cash equivalents	298,835,193	180,701,003
Cash and cash equivalents – end of year	\$ <u>558,033,005</u>	<u>523,215,751</u>
Noncash capital related financing and investing activities:		
Assets acquired through capital lease obligations	\$ 222,324	1,600,691
Capital assets appropriated by the State of Mississippi	25,272,467	54,173,110
Donations of capital assets	8,682,045	10,349,365

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(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 Board of Trustees of State Institutions of Higher Learning (Board). This constitutional Board provides management and control of Mississippi's system of universities. The Board meets monthly and oversees the eight public universities, the University of Mississippi Medical Center and various off-campus centers and locations throughout the state.

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

Each of the eight universities and the University of Mississippi Medical Center has established its own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these educational building corporations are blended component units of the State of Mississippi Institutions of Higher Learning. These blended component units provide services entirely, or almost entirely, to their respective universities.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

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

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

The IHL System reports the following discretely presented component units:

Mississippi University Foundation, Inc.

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

University of Mississippi Foundation

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

University of Southern Mississippi Foundation

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

resources held by the foundations can only be used by, or for the benefit of, the respective universities, these foundations are considered component units of the respective universities.

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, 2010 and 2009, support distributions were as follows:

		2010	2009
Mississippi State University Foundation, Inc.	\$	17,667,275	17,875,592
University of Mississippi Foundation		30,012,083	37,484,939
University of Southern Mississippi Foundation		6,701,585	8,133,099

(c) Basis of Presentation

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

(d) Basis of Accounting

The financial statements of the IHL System have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic measurement focus and the accrual basis of accounting. Under the accrual basis, 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.

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

(e) Cash Equivalents

For purposes of the statements of cash flows, the IHL System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(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 at least a reasonable possibility that recorded estimates associated with these programs could change by a material amount in the near term.

Included in other noncurrent liabilities are unpaid claim liabilities relating to the IHL System's self-insured workers' compensation, unemployment compensation, and tort claims. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims and expenses incurred through the end of the reporting period. The determinations of claims payable include estimates that are particularly susceptible to change in the near term. Management believes that liabilities established for these unpaid claims at June 30, 2010 and 2009 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.

In connection with the preparation of the financial statements of the IHL System, management evaluated subsequent events through December 6, 2010 which was the date the financial statements were available to be issued.

(g) Short-Term Investments

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

(h) Accounts Receivable, Net

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

(i) Student Notes Receivable, Net

Student notes receivable consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances expected to be paid during the next fiscal

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

(j) Inventories

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

(k) Collections

On occasion, the IHL System may obtain collections of art or historical treasures (usually as private donations to its member institutions). These collections are usually held for public exhibition, education or research. The IHL System is not required to capitalize these collections and in practice generally does not capitalize their value in the financial presentation.

(l) Prepaid Expenses

Prepaid expenses generally consist of expenditures that are related to projects, programs, activities or revenues of future fiscal periods.

(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 assets.

(n) Endowment Investments

The IHL System's endowment investments are generally subject to the restrictions of donor gift instruments. They include true endowment funds, which are funds received from a donor with the restrictions that only the income is to be utilized; term endowment funds, which are funds for which the donor has stipulated that the principal may be expended after a stated period or upon the occurrence of a certain event and quasi-endowment funds, which are funds established by the governing board to function like an endowment fund but may be fully expended at any time at the discretion of the governing board.

(o) Investments

The IHL System'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 such changes could materially affect the amounts reported in the IHL System's financial statements.

Substantially all investments are reported at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

revenues, expenses and changes in net assets. Investments in partnerships for which there are no quoted market prices are valued at net asset value.

(p) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 5 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose, if material. Restricted cash and investments include certain maintenance and replacement reserves that have been established to fund costs relating to residences and other auxiliary activity facilities.

(q) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally consist of amounts owed to vendors, contractors, or accrued items such as interest, wages, and salaries.

(r) Income Taxes

Each member institution of the IHL System is considered an agency of the State and is treated as a governmental entity for tax purposes and is generally exempt from federal and state income taxes. 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). No income tax provision has been recorded because, in the opinion of management, taxes on such unrelated business income would be insignificant.

(s) Deferred Revenues

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

(t) 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.

(u) Noncurrent Liabilities

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(v) ***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 \$63,928,000 and \$65,398,000 as of June 30, 2010 and 2009, respectively.

(w) ***Compensated Absences***

Twelve-month employees earn and accrue annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to 15 years of service; and for 15 years of service and over, 18 hours per month are earned.

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

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

The IHL System has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include (1) student tuition and fees; (2) sales and services of auxiliary enterprises; (3) most federal, state and local grants and contracts; and (4) other operating revenues. Examples of operating expenses include (1) employee compensation, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies and other services; (4) professional fees; and (5) depreciation expenses related to certain capital assets.

Nonoperating revenues have the characteristics of nonexchange transactions. Examples of nonoperating revenues include state appropriations, gifts and contributions. Nonoperating expenses are defined in GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, investment income and interest on capital asset related debt and bond expenses.

(y) ***Auxiliary Enterprise Activities***

Auxiliary enterprises typically 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 or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Included in auxiliary enterprise revenues are fees and sales for residence halls, food services, bookstore activities and intercollegiate athletic programs. The general public may be served incidentally by auxiliary enterprises.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(z) ***Hospital and Clinical Service Revenues***

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

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

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

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

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

(aa) ***Hospital Reimbursement***

The University Hospitals and Health System (UHHS) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2006 for the Jackson Campus and June 30, 2008 for the Holmes County facility. Over two years ago, UHHS received notification from the fiscal intermediary of the intent to reopen cost reports filed for as far back as the year ended June 30, 2002 to adjust for overpayments made for outpatient renal dialysis services. At that time, a reserve was established for the estimated liability relating to these adjustments of approximately \$8 million. During fiscal year 2009, UHHS repaid the Medicare program \$5.5 million for outpatient renal dialysis services and other adjustments for fiscal years 2002 to 2006. There were no additional payments made in fiscal year 2010.

UHHS routinely enters into consulting arrangements to re-open or amend Medicare cost reports for purposes of increasing Medicaid eligible days in the Medicare Disproportionate Share Hospital (DSH) calculation and to increase reimbursement for other programs. The ultimate disposition of any

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

of these reviews is uncertain, thus the reimbursement effect cannot be reasonably estimated until settled by the fiscal intermediary. During fiscal year 2009, UHHS received approximately \$1.4 million in additional reimbursement due to these re-openings. While consulting engagements were entered into during fiscal year 2010, none were completed resulting in additional payments to UHHS.

(bb) *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 revenues, or as operating expenses. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

(cc) *Net Assets*

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

Invested in capital assets, net of related debt reflect the IHL System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from this amount.

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

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

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, 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 assets may be designated for specific purposes by action of management or the governing board, they are available for use at the discretion of the governing board, to meet current expenses for any purpose.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(dd) Future Accounting Pronouncements

In June 2010, the GASB issued GASB Statement No. 59, Financial Instruments Omnibus. This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of GASB No. 59 are effective for the IHL System for the fiscal year beginning after June 15, 2010.

Management has not completed its evaluations to determine the effect, if any, the adoption of these future statements will have on the IHL System's financial condition or results of operations.

(2) Cash and Investments

(a) Cash, Cash Equivalents and Short-Term Investments

Investment policies as set forth by the IHL Board of Trustees policy and state statute authorize the universities to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, the IHL System's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

(b) Investments

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

The following table summarizes the fair values of the IHL System's investments as of June 30, 2010 and 2009:

	2010	2009
Short-term investments – current assets	\$ 186,804,777	163,888,934
Noncurrent assets:		
Restricted short-term investments	2,737,416	11,443,294
Endowment investments	171,512,385	157,961,394
Other long-term investments	247,062,704	205,048,500
Total	\$ 608,117,282	538,342,122

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following table presents the fair value of investments by type at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
U.S. government agency obligations	\$ 189,196,997	179,730,566
U.S. Treasury obligations	588,242	11,632,429
Certificates of deposit	175,785,367	172,032,226
Corporate bonds and notes	859,432	742,547
Commercial mortgage backed securities	40,095,486	6,703,097
Collateralized mortgage obligations	29,415,973	20,741,363
Municipal bonds	25,658,606	11,674,207
Money market funds	1,729,403	501,391
Fixed income mutual funds	37,558,107	31,501,578
Asset backed securities	3,454,646	2,892,885
Domestic equity securities	15,654,313	35,183,021
International equity mutual funds	16,685,659	13,822,819
Land grant principle	1,340,068	1,340,068
Domestic equity mutual funds	43,238,714	28,361,379
Equity hedge funds	12,339,784	10,474,331
Miscellaneous	14,516,485	11,008,215
	<u>\$ 608,117,282</u>	<u>538,342,122</u>

(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. The IHL System does not presently have a formal policy for custodial credit risk. 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 hold in the government's name. Investments of approximately \$17,720,000 and \$20,583,000 were exposed to custodial risk as of June 30, 2010 and 2009, respectively.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(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, 2010 and 2009, the IHL System had the following investments subject to interest rate risk:

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

Investment type	2009				
	Investment maturities (in years)				
	Fair value	Less than 1	1 – 5	6 – 10	More than 10
U.S. government agency obligations	\$ 179,730,566	2,346,875	116,866,875	58,871,038	1,645,778
U.S. Treasury obligations	11,632,429	11,296,953	284,252	34,617	16,607
Corporate bonds and notes	742,547	—	129,250	588,246	25,051
Commercial mortgage backed securities	6,703,097	—	133,162	482,073	6,087,862
Collateralized mortgage obligations	20,741,363	5,066,518	3,268,079	—	12,406,766
Municipal bonds	11,674,207	270,183	11,404,024	—	—
Bond mutual funds	31,501,578	39,953	11,000,743	20,460,882	—
Asset backed securities	2,892,885	—	—	2,892,885	—
Total	\$ <u>265,618,672</u>	<u>19,020,482</u>	<u>143,086,385</u>	<u>83,329,741</u>	<u>20,182,064</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(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 presently have a formal policy that addresses credit risk. As of June 30, 2010 and 2009, the IHL System had the following exposure to investment credit risk:

	Fair value	
	2010	2009
Credit rating:		
AAA	\$ 163,947,191	167,671,579
Aaa	52,582,498	10,819,033
Aa1	3,280	6,337
Aa2	3,725,822	19,361
Aa3	9,004	1,576,105
AA	27,903,521	6,109,452
AA2	3,720,460	—
A1	17,773	15,473
A2	22,218	29,136
A3	9,178	17,541,587
A	8,084,460	4,441,801
B	215,585	—
Baa1	6,319	—
Baa2	13,618	4,058
Baa3	6,631	—
BBB	2,100,243	10,447
BB	4,447,796	—
Rating not available	60,011,892	57,374,303
Total	<u>\$ 326,827,489</u>	<u>265,618,672</u>

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

(f) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The IHL System does not presently have a formal policy that addresses concentration of credit risk. The IHL System had the following investments that represent more than 5% of net investments as of June 30, 2010 and 2009:

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

<u>Issuer</u>	2009	
	<u>Fair value</u>	<u>Percentage</u>
Federal Home Loan Bank notes	\$ 44,169,552	8.20%
Federal National Mortgage Association notes	63,780,872	11.85
Federal Home Loan Mortgage Corporation notes	39,671,356	7.37

(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 \$16,643,045 and \$13,823,000 at June 30, 2010 and 2009, respectively.

(3) Accounts Receivable

Accounts receivable of the IHL System consisted of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Student tuition	\$ 64,521,417	63,530,472
Auxiliary enterprises and other operating activities	20,556,320	19,906,537
Contributions and gifts	14,749,164	20,654,515
Federal, state, and private grants and contracts	104,534,910	113,372,970
State appropriations	12,781,589	18,226,726
Accrued interest	2,679,532	3,090,343
Patient income	1,524,521,097	2,218,900,069
Other	15,394,266	11,185,350
Total account receivable	1,759,738,295	2,468,866,982
Less allowance for doubtful accounts	(1,485,265,035)	(2,176,094,641)
Net accounts receivable	\$ <u>274,473,260</u>	<u>292,772,341</u>

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(4) Notes Receivable from Students

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from one of the IHL System's institutions. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the IHL System as of June 30, 2010 and 2009:

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

	<u>Interest rates</u>	<u>June 30, 2009</u>	<u>Current portion</u>	<u>Noncurrent portion</u>
Perkins student loans	3% to 9%	\$ 77,190,125	7,871,457	69,318,668
Institutional loans	0% to 9%	58,205,408	5,521,255	52,684,153
Nursing student loans	3% to 9%	436,529	77,107	359,422
Dental student loans	3% to 9%	373,471	20,559	352,912
Medical student loans	3% to 9%	165,742	22,977	142,765
Other federal loans	3% to 9%	<u>3,287,060</u>	<u>1,720,068</u>	<u>1,566,992</u>
Total notes receivable		139,658,335	15,233,423	124,424,912
Less allowance for doubtful accounts		<u>(17,186,431)</u>	<u>(3,748,054)</u>	<u>(13,438,377)</u>
Net notes receivable		<u>\$ 122,471,904</u>	<u>11,485,369</u>	<u>110,986,535</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(5) Capital Assets

A summary of changes in capital assets of the IHL System for the years ended June 30, 2010 and 2009, is as follows:

	2010			
	Beginning balance	Additions	Deletions	Ending balance
Nondepreciable capital assets:				
Land	\$ 59,082,635	5,949,008	5,796	65,025,847
Construction in progress	384,723,610	230,259,872	234,497,251	380,486,231
Livestock	1,649,813	107,037	196,729	1,560,121
Total nondepreciable capital assets	445,456,058	236,315,917	234,699,776	447,072,199
Depreciable capital assets:				
Buildings	2,182,796,569	232,324,813	1,817,818	2,413,303,564
Improvements other than buildings	238,161,724	15,363,128	1,175,959	252,348,893
Equipment	541,631,366	59,521,044	34,804,455	566,347,955
Library books	314,257,831	14,965,484	1,088,501	328,134,814
Total depreciable assets	3,276,847,490	322,174,469	38,886,733	3,560,135,226
Less accumulated depreciation:				
Buildings	542,764,782	43,910,910	877,160	585,798,532
Improvements other than buildings	69,370,560	8,955,817	138,165	78,188,212
Equipment	365,634,769	48,228,488	31,436,814	382,426,443
Library books	247,292,730	14,876,583	1,088,504	261,080,809
Total accumulated depreciation	1,225,062,841	115,971,798	33,540,643	1,307,493,996
Total depreciable capital assets	2,051,784,649	206,202,671	5,346,090	2,252,641,230
Capital assets, net	\$ 2,497,240,707	442,518,588	240,045,866	2,699,713,429

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

	2009			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Nondepreciable capital assets:				
Land	\$ 58,019,988	1,622,647	560,000	59,082,635
Construction in progress	381,889,452	174,919,348	172,085,190	384,723,610
Livestock	<u>1,618,807</u>	<u>130,334</u>	<u>99,328</u>	<u>1,649,813</u>
Total nondepreciable capital assets	<u>441,528,247</u>	<u>176,672,329</u>	<u>172,744,518</u>	<u>445,456,058</u>
Depreciable capital assets:				
Buildings	2,030,614,868	155,594,116	3,412,415	2,182,796,569
Improvements other than buildings	205,157,717	33,004,007	—	238,161,724
Equipment	519,297,833	53,242,943	30,909,410	541,631,366
Library books	<u>300,049,479</u>	<u>14,596,883</u>	<u>388,531</u>	<u>314,257,831</u>
Total depreciable assets	<u>3,055,119,897</u>	<u>256,437,949</u>	<u>34,710,356</u>	<u>3,276,847,490</u>
Less accumulated depreciation:				
Buildings	505,351,080	40,332,695	2,918,993	542,764,782
Improvements other than buildings	61,580,905	7,873,951	84,296	69,370,560
Equipment	350,148,140	46,672,521	31,185,892	365,634,769
Library books	<u>233,032,041</u>	<u>14,649,220</u>	<u>388,531</u>	<u>247,292,730</u>
Total accumulated depreciation	<u>1,150,112,166</u>	<u>109,528,387</u>	<u>34,577,712</u>	<u>1,225,062,841</u>
Total depreciable capital assets	<u>1,905,007,731</u>	<u>146,909,562</u>	<u>132,644</u>	<u>2,051,784,649</u>
Capital assets, net	\$ <u>2,346,535,978</u>	<u>323,581,891</u>	<u>172,877,162</u>	<u>2,497,240,707</u>

As of June 30, 2010 and 2009, capital assets included assets under capital leases with an original cost of basis of approximately \$32,895,000 and \$36,349,000, respectively and accumulated amortization of approximately \$10,337,000 and \$9,944,000, respectively.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

	<u>Estimated useful lives</u>	<u>Salvage value</u>	<u>Capitalization threshold</u>
Buildings	40 years	20%	\$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3 – 15 years	1 – 10%	5,000
Library books	10 years	0%	—

(6) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Payable to vendors and contractors	\$ 85,456,333	81,720,082
Accrued salaries, wages and employee withholdings	76,447,848	65,226,131
Accrued interest	4,303,449	2,675,442
Other	2,809,528	4,975,385
Total	\$ <u>169,017,158</u>	<u>154,597,040</u>

(7) Deferred Revenues

Deferred revenues consisted of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unearned summer school revenue	\$ 31,135,855	18,382,384
Unearned grants and contract revenue	15,367,810	5,348,478
Other, principally athletic activities	15,363,171	19,931,247
Total	\$ <u>61,866,836</u>	<u>43,662,109</u>

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

(8) Long-Term Liabilities

Long-term liabilities of the IHL System consists of notes and bonds payable, capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2010 and 2009, respectively. The various leases cover a period not to exceed five years. The IHL System has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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, 2010 and 2009, is listed in the following schedule.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded debt:								
1996 Nursing Dormitory Bonds	\$ 680,000	4.50% - 6.50%	2012	\$ 235,000	—	110,000	125,000	60,000
1997 President's Home Bonds	950,000	6.55%	Demand	1,193	—	—	1,193	1,193
Total bonded debt				236,193	—	110,000	126,193	61,193
Other long-term liabilities:								
Accrued leave liabilities				3,599,201	87,058	—	3,686,259	1,806,267
Deposits refundable				929,433	—	286,832	642,601	—
Total other long-term liabilities				4,528,634	87,058	286,832	4,328,860	1,806,267
Total				\$ 4,764,827	87,058	396,832	4,455,053	1,867,460
Due within one year							1,867,460	
Total long-term liabilities							\$ 2,587,593	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded debt:								
1991 Series	\$ 2,259,631	5.00%	2012	\$ 226,449	—	63,320	163,129	60,001
1998 Series	3,900,000	3.40 – 5.00%	2019	3,140,000	—	100,000	3,040,000	100,000
2003 Series	2,475,000	3.00 – 4.25%	2024	2,185,000	—	100,000	2,085,000	105,000
Total bonded debt				<u>5,551,449</u>	<u>—</u>	<u>263,320</u>	<u>5,288,129</u>	<u>265,001</u>
Capital leases:								
Various equipment				<u>1,177,580</u>	<u>—</u>	<u>716,745</u>	<u>460,835</u>	<u>133,357</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				1,694,702	197,902	24,843	1,867,761	162,859
Deposits refundable				149,183	1,586,364	1,635,632	99,915	19,983
Notes payable – CIOS Foundation				9,826	—	9,826	—	—
Other				<u>1,809,187</u>	<u>—</u>	<u>820</u>	<u>1,808,367</u>	<u>—</u>
Total other long-term liabilities and notes payable				<u>3,662,898</u>	<u>1,784,266</u>	<u>1,671,121</u>	<u>3,776,043</u>	<u>182,842</u>
Total				<u>\$ 10,391,927</u>	<u>1,784,266</u>	<u>2,651,186</u>	<u>9,525,007</u>	<u>581,200</u>
Due within one year							<u>581,200</u>	
Total long-term liabilities							<u>\$ 8,943,807</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				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	\$ 1,900,000	—	120,000	1,780,000	125,000
Student Life Center Revenue Bonds	12,000,000	3.00% – 5.13%	2013	577,226	—	120,557	456,669	135,556
Series 2004 A	40,065,000	variable	2034	126,321	—	—	126,321	—
Series 2004 B	24,875,000	5.00%	2034	24,664,674	—	663,234	24,001,440	600,000
Series 2006 A	12,000,000	3.50% – 4.25%	2031	12,000,000	—	335,000	11,665,000	350,000
Series 2007	53,544,677	5.00%	2034	53,544,677	—	571,588	52,973,089	581,737
Other Borrowings	1,900,000	5.00%	2034	—	1,900,000	—	1,900,000	—
Total bonded debt				<u>92,812,898</u>	<u>1,900,000</u>	<u>1,810,379</u>	<u>92,902,519</u>	<u>1,792,293</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				3,265,588	1,118,170	—	4,383,758	315,631
Deposits refundable				32,444	—	5,796	26,648	—
Notes payable				1,206,314	—	77,132	1,129,182	79,463
Other				1,554,522	72,425	—	1,626,947	—
Total other long-term liabilities and notes payable				<u>6,058,868</u>	<u>1,190,595</u>	<u>82,928</u>	<u>7,166,535</u>	<u>395,094</u>
Total				<u>\$ 98,871,766</u>	<u>3,090,595</u>	<u>1,893,307</u>	100,069,054	<u>2,187,387</u>
Due within one year							2,187,387	
Total long-term liabilities							<u>\$ 97,881,667</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded debt:								
Dormitory Bonds	\$ 2,250,000	3.00%	2021	\$ 1,035,000	—	65,000	970,000	70,000
Student Apartments	2,038,000	3.00%	2022	1,030,000	—	60,000	970,000	60,000
EBC – Revenue Bonds	31,865,000	3.75% – 5.25%	2025	24,660,000	—	17,555,000	7,105,000	1,080,000
EBC – Revenue Bonds	16,920,000	4.00% – 5.50%	2027	12,535,000	—	835,000	11,700,000	875,000
EBC – Revenue Bonds	17,000,000	2.00% – 5.00%	2029	15,310,000	—	500,000	14,810,000	515,000
EBC – Revenue Bonds	28,790,000	2.00% – 5.00%	2030	26,015,000	—	1,560,000	24,455,000	1,335,000
EBC – Revenue Bonds	58,965,000	4.00% – 5.00%	2035	56,735,000	—	1,390,000	55,345,000	1,430,000
EBC – Revenue Bonds	6,110,000	4.50% – 4.75%	2028	6,110,000	—	190,000	5,920,000	195,000
EBC – Revenue Bonds	29,615,000	3.00% – 5.25%	2039	—	29,615,000	—	29,615,000	—
EBC – Revenue Bonds	17,105,000	3.00% – 5.25%	2024	—	17,105,000	—	17,105,000	—
Total bonded debt				<u>143,430,000</u>	<u>46,720,000</u>	<u>22,155,000</u>	<u>167,995,000</u>	<u>5,560,000</u>
Capital leases:								
Various equipment				<u>1,775,954</u>	<u>—</u>	<u>1,030,256</u>	<u>745,698</u>	<u>507,675</u>
Other long-term liabilities:								
Accrued leave liabilities				20,775,028	570,621	—	21,345,649	1,482,835
Deposits refundable				82,240	4,060	—	86,300	—
Other				<u>15,363,492</u>	<u>—</u>	<u>21,005</u>	<u>15,342,487</u>	<u>—</u>
Total other long-term liabilities				<u>36,220,760</u>	<u>574,681</u>	<u>21,005</u>	<u>36,774,436</u>	<u>1,482,835</u>
Total				<u>\$ 181,426,714</u>	<u>47,294,681</u>	<u>23,206,261</u>	<u>205,515,134</u>	<u>7,550,510</u>
Due within one year							<u>7,550,510</u>	
Total long-term liabilities							<u>\$ 197,964,624</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital leases:								
Various equipment				\$ 716,315	—	244,362	471,953	215,895
Other long-term liabilities:								
Accrued leave liabilities				983,303	44,415	4,282	1,023,436	43,291
Other				1,560,205	—	14,834	1,545,371	—
Total other long-term liabilities				2,543,508	44,415	19,116	2,568,807	43,291
Total				\$ 3,259,823	44,415	263,478	3,040,760	259,186
Due within one year							259,186	
Total long-term liabilities							\$ 2,781,574	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded debt:								
EBC - 2007	\$ 19,015,000	4.00%	2037	\$ 18,905,000	—	105,000	18,800,000	135,000
Total bonded debt				18,905,000	—	105,000	18,800,000	135,000
Other long-term liabilities:								
Accrued leave liabilities				1,893,353	3,926	—	1,897,279	173,056
Deposits refundable				228,824	—	34,936	193,888	—
Total other long-term liabilities				2,122,177	3,926	34,936	2,091,167	173,056
Total				\$ 21,027,177	3,926	139,936	20,891,167	308,056
Due within one year							308,056	
Total long-term liabilities							\$ 20,583,111	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded debt:								
EBC - 1968 E	\$ 3,000,000	3.00%	Demand	\$ 70,000	—	70,000	—	—
EBC - 1999	12,220,000	5.00%	2010	1,200,000	—	585,000	615,000	615,000
EBC - 2000A	34,700,000	5.00%	Demand	26,825,000	—	26,825,000	—	—
EBC - 2002	13,090,000	4.00% - 5.00%	2017	7,795,000	—	1,000,000	6,795,000	1,040,000
EBC - 2005	10,965,000	3.00% - 4.38%	2028	10,285,000	—	565,000	9,720,000	580,000
EBC - 2006A	17,985,000	4.00% - 5.00%	2026	16,655,000	—	605,000	16,050,000	635,000
EBC - 2006B-1	17,290,000	3.50% - 5.00%	2027	16,695,000	—	785,000	15,910,000	815,000
EBC - 2006B-2	4,075,000	3.25%	2027	4,075,000	—	—	4,075,000	—
EBC - 2008A	29,785,000	3.00% - 5.00%	2034	—	29,785,000	—	29,785,000	705,000
EBC - 2009A	19,870,000	2.13% - 4.50%	2030	—	19,870,000	—	19,870,000	—
EBC - 2009B	24,164,000	3.00% - 5.00%	2021	—	24,165,000	—	24,165,000	1,685,000
Total bonded debt				<u>83,600,000</u>	<u>73,820,000</u>	<u>30,435,000</u>	<u>126,985,000</u>	<u>6,075,000</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				11,359,126	1,529,131	975,531	11,912,726	964,000
Deposits refundable				105,305	2,350	—	107,655	—
Notes payable				1,883,123	—	129,259	1,753,864	251,778
Other				9,264,000	—	5,000	9,259,000	—
Total other long-term liabilities and notes payable				<u>22,611,554</u>	<u>1,531,481</u>	<u>1,109,790</u>	<u>23,033,245</u>	<u>1,215,778</u>
Total				<u>\$ 106,211,554</u>	<u>75,351,481</u>	<u>31,544,790</u>	<u>150,018,245</u>	<u>7,290,778</u>
Due within one year							<u>7,290,778</u>	
Total long-term liabilities							<u>\$ 142,727,467</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi								
Bonded debt:								
Payne Center	\$ 5,335,000	4.20% - 6.00%	2016	\$ 2,790,000	—	290,000	2,500,000	305,000
Technology Improvement	1,970,000	3.50% - 5.75%	2011	255,000	—	80,000	175,000	85,000
University Improvements	3,040,000	3.50% - 5.50%	2011	395,000	—	125,000	270,000	130,000
Student Life Center & International								
Educ. Center	17,285,000	3.00% - 5.38%	2012	3,030,000	—	715,000	2,315,000	740,000
The Village	18,725,000	3.63% - 5.00%	2032	18,200,000	—	115,000	18,085,000	145,000
EBC Refunding	24,855,000	3.63% - 5.00%	2027	24,375,000	—	405,000	23,970,000	420,000
Athletic Improvements	27,190,000	4.00% - 5.00%	2034	27,190,000	—	260,000	26,930,000	285,000
Dormitory Construction	49,900,000	2.75% - 5.38%	2037	—	49,900,000	—	49,900,000	—
Total bonded debt				<u>76,235,000</u>	<u>49,900,000</u>	<u>1,990,000</u>	<u>124,145,000</u>	<u>2,110,000</u>
Capital leases:								
Various equipment				<u>745,314</u>	<u>1,585,165</u>	<u>293,606</u>	<u>2,036,873</u>	<u>357,353</u>
Other long-term liabilities and notes payable:								
Accrued leave liabilities				9,310,414	597,189	—	9,907,603	1,100,000
Deposits refundable				100,803	—	56,179	44,624	—
Notes payable				3,086,117	—	66,526	3,019,591	121,563
Other				<u>28,447,100</u>	<u>—</u>	<u>103,851</u>	<u>28,343,249</u>	<u>—</u>
Total other long-term liabilities and notes payable				<u>40,944,434</u>	<u>597,189</u>	<u>226,556</u>	<u>41,315,067</u>	<u>1,221,563</u>
Total				<u>\$ 117,924,748</u>	<u>52,082,354</u>	<u>2,510,162</u>	<u>167,496,940</u>	<u>3,688,916</u>
Due within one year							<u>3,688,916</u>	
Total long-term liabilities							<u>\$ 163,808,024</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded debt:								
Series 1993	\$ 60,000,000	6.40% - 9.00%	Demand	\$ 3,585,000	—	1,745,000	1,840,000	1,840,000
Series 1998A	9,380,000	4.30% - 5.75%	2012	4,235,000	—	985,000	3,250,000	1,035,000
Series 1998B	41,075,000	3.88% - 5.90%	2024	40,430,000	—	90,000	40,340,000	90,000
Series 2001	45,000,000	variable	2031	42,305,000	—	42,305,000	—	—
Series 2002	4,500,000	3.40% - 5.00%	2013	2,040,000	—	475,000	1,565,000	500,000
Series 2004	44,000,000	variable	2034	42,550,000	—	42,550,000	—	—
Series 2008A	43,125,000	3.20%	2034	—	43,125,000	390,000	42,735,000	405,000
Series 2008B	41,895,000	3.29%	2032	—	41,895,000	—	41,895,000	1,010,000
Total bonded debt				<u>135,145,000</u>	<u>85,020,000</u>	<u>88,540,000</u>	<u>131,625,000</u>	<u>4,880,000</u>
Capital leases:								
Various equipment				<u>26,694,636</u>	<u>—</u>	<u>7,487,727</u>	<u>19,206,909</u>	<u>6,794,142</u>
Other long-term liabilities:								
Accrued leave liabilities				29,954,335	6,844,973	1,953,611	34,845,697	2,180,668
Deposits refundable				747,321	—	747,321	—	—
Other				<u>33,158,567</u>	<u>2,626,608</u>	<u>1,325,315</u>	<u>34,459,860</u>	<u>3,778,000</u>
Total other long-term liabilities				<u>63,860,223</u>	<u>9,471,581</u>	<u>4,026,247</u>	<u>69,305,557</u>	<u>5,958,668</u>
Total				<u>\$ 225,699,859</u>	<u>94,491,581</u>	<u>100,053,974</u>	<u>220,137,466</u>	<u>17,632,810</u>
Due within one year							<u>17,632,810</u>	
Total long-term liabilities							<u>\$ 202,504,656</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:								
Other long-term liabilities:								
Accrued leave liabilities				\$ 647,282	78,589	—	725,871	37,133
Other				<u>23,583,000</u>	<u>5,495,000</u>	<u>—</u>	<u>29,078,000</u>	<u>6,663,649</u>
Total				<u>\$ 24,230,282</u>	<u>5,573,589</u>	<u>—</u>	<u>29,803,871</u>	<u>6,700,782</u>
Due within one year							<u>6,700,782</u>	
Total long-term liabilities							<u>\$ 23,103,089</u>	
MCVS:								
Other long-term liabilities and notes payable:								
Accrued leave liabilities				\$ 53,511	3,740	—	57,251	5,609
Total				<u>\$ 53,511</u>	<u>3,740</u>	<u>—</u>	<u>57,251</u>	<u>5,609</u>
Due within one year							<u>5,609</u>	
Total long-term liabilities							<u>\$ 51,642</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Description and purpose	Original issue	Annual interest rate	Maturity (Fiscal Year)	Year ended June 30, 2009				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning – Combined:								
Total bonded debt				\$ 555,915,540	257,360,000	145,408,699	667,866,841	20,878,487
Total capital leases				31,109,799	1,585,165	9,772,696	22,922,268	8,008,422
Other long-term liabilities and notes payable:								
Accrued leave liabilities				83,535,843	11,075,715	2,958,267	91,653,291	8,271,349
Deposits refundable				2,375,553	1,592,774	2,766,697	1,201,630	19,983
Notes payable				6,185,380	—	282,743	5,902,637	452,804
Other				114,740,073	8,194,033	1,470,825	121,463,281	10,441,649
Total other long-term liabilities				<u>206,836,849</u>	<u>20,862,522</u>	<u>7,478,532</u>	<u>220,220,839</u>	<u>19,185,785</u>
Total long-term liabilities				<u>\$ 793,862,188</u>	<u>279,807,687</u>	<u>162,659,927</u>	<u>911,009,948</u>	<u>48,072,694</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The annual debt service requirements for the outstanding debt as of June 30, 2010 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:					
2011	\$ 65,000	—	—	2,322,083	2,387,083
2012	397,577	—	—	2,311,976	2,709,553
2013	331,384	—	—	2,298,688	2,630,072
2014	396,384	—	—	2,287,813	2,684,197
2015	391,384	—	—	2,271,438	2,662,822
2016 – 2020	3,546,920	—	—	10,935,663	14,482,583
2021 – 2025	6,066,920	—	—	9,884,459	15,951,379
2026 – 2030	8,796,920	—	—	8,096,953	16,893,873
2031 – 2035	11,726,920	—	—	5,542,500	17,269,420
2036 – 2040	15,088,284	—	—	2,068,500	17,156,784
Totals	\$ 46,807,693	—	—	48,020,073	94,827,766
Delta State University:					
2011	\$ 298,634	140,689	—	329,480	768,803
2012	299,494	148,425	—	329,464	777,383
2013	475,000	38,364	—	147,054	660,418
2014	485,000	—	—	132,235	617,235
2015	500,000	—	—	117,229	617,229
2016 – 2020	3,035,000	—	—	390,846	3,425,846
Totals	\$ 5,093,128	327,478	—	1,446,308	6,866,914
Jackson State University:					
2011	\$ 18,157	—	81,865	4,438,437	4,538,459
2012	108,580	—	84,339	4,810,491	5,003,410
2013	801,760	—	86,888	4,526,543	5,415,191
2014	3,083,493	—	89,514	4,317,308	7,490,315
2015	2,979,493	—	92,220	4,194,727	7,266,440
2016 – 2020	15,297,209	—	504,633	19,096,192	34,898,034
2021 – 2025	18,594,954	—	110,260	15,150,282	33,855,496
2026 – 2030	22,770,913	—	—	10,186,931	32,957,844
2031 – 2035	28,104,574	—	—	3,300,832	31,405,406
Totals	\$ 91,759,133	—	1,049,719	70,021,743	162,830,595

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

<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:					
2011	\$ 5,725,000	158,893	—	7,449,372	13,333,265
2012	6,720,000	79,131	—	7,196,779	13,995,910
2013	6,985,000	—	—	6,914,978	13,899,978
2014	7,270,000	—	—	6,609,453	13,879,453
2015	7,520,000	—	—	6,270,063	13,790,063
2016 – 2020	36,330,000	—	—	26,026,786	62,356,786
2021 – 2025	38,050,000	—	—	17,731,254	55,781,254
2026 – 2030	26,910,000	—	—	9,897,369	36,807,369
2031 – 2035	17,445,000	—	—	4,772,825	22,217,825
2036 – 2040	9,480,000	—	—	825,413	10,305,413
Totals	\$ 162,435,000	238,024	—	93,694,292	256,367,316
Mississippi University for Women:					
2011	\$ —	154,806	—	9,235	164,041
2012	—	96,917	—	2,644	99,561
2013	—	4,336	—	39	4,375
Totals	\$ —	256,059	—	11,918	267,977
Mississippi Valley State University:					
2011	\$ 165,000	—	—	804,825	969,825
2012	195,000	—	—	798,225	993,225
2013	230,000	—	—	790,425	1,020,425
2014	265,000	—	—	781,225	1,046,225
2015	290,000	—	—	770,625	1,060,625
2016 – 2020	2,090,000	—	—	3,644,925	5,734,925
2021 – 2025	2,715,000	—	—	3,155,519	5,870,519
2026 – 2030	3,820,000	—	—	2,528,850	6,348,850
2031 – 2035	5,840,000	—	—	1,518,075	7,358,075
2036 – 2040	3,055,000	—	—	208,800	3,263,800
Totals	\$ 18,665,000	—	—	15,001,494	33,666,494

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

<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:					
2011	\$ 6,485,000	—	140,545	5,492,502	12,118,047
2012	6,745,000	—	146,573	5,264,938	12,156,511
2013	7,015,000	—	152,874	5,006,552	12,174,426
2014	7,140,000	—	159,460	4,735,385	12,034,845
2015	7,435,000	—	166,345	4,450,074	12,051,419
2016 – 2020	36,540,000	—	391,610	17,575,692	54,507,302
2021 – 2025	26,605,000	—	344,679	10,763,936	37,713,615
2026 – 2030	21,970,000	—	—	5,205,950	27,175,950
2031 – 2035	11,670,000	—	—	1,288,831	12,958,831
Totals	\$ 131,605,000	—	1,502,086	59,783,860	192,890,946
University of Southern Mississippi:					
2011	\$ 2,255,000	369,590	180,115	7,123,747	9,928,452
2012	2,395,000	449,427	522,409	6,760,149	10,126,985
2013	2,600,000	188,323	593,683	6,622,660	10,004,666
2014	2,745,000	158,516	674,190	6,485,997	10,063,703
2015	3,050,000	158,516	759,203	6,330,253	10,297,972
2016 – 2020	18,405,000	568,021	3,043,428	28,779,587	50,796,036
2021 – 2025	22,070,000	—	2,110,000	23,244,965	47,424,965
2026 – 2030	27,755,000	—	2,665,000	17,042,381	47,462,381
2031 – 2035	32,200,000	—	3,435,000	8,162,250	43,797,250
2036 – 2040	8,560,000	—	4,435,000	989,584	13,984,584
Totals	\$ 122,035,000	1,892,393	18,418,028	111,541,573	253,886,994
University of Mississippi Medical Center:					
2011	\$ 4,446,674	7,016,994	—	9,154,128	20,617,796
2012	4,571,674	4,205,545	—	8,883,790	17,661,009
2013	4,756,674	1,190,228	—	8,540,823	14,487,725
2014	4,861,674	—	—	8,418,709	13,280,383
2015	5,051,674	—	—	8,220,304	13,271,978
2016 – 2020	28,898,370	—	—	37,495,471	66,393,841
2021 – 2025	35,583,370	—	—	29,358,460	64,941,830
2026 – 2030	38,363,370	—	—	19,759,611	58,122,981
2031 – 2035	48,131,703	—	—	8,229,501	56,361,204
Totals	\$ 174,665,183	12,412,767	—	138,060,797	325,138,747

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

<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:					
2011	\$ 19,458,465	7,840,972	402,525	37,123,809	64,825,771
2012	21,432,325	4,979,445	753,321	36,358,456	63,523,547
2013	23,194,818	1,421,251	833,445	34,847,762	60,297,276
2014	26,246,551	158,516	923,164	33,768,125	61,096,356
2015	27,217,551	158,516	1,017,768	32,624,713	61,018,548
2016 – 2020	144,142,499	568,021	3,939,671	143,945,162	292,595,353
2021 – 2025	149,685,244	—	2,564,939	109,288,875	261,539,058
2026 – 2030	150,386,203	—	2,665,000	72,718,045	225,769,248
2031 – 2035	155,118,197	—	3,435,000	32,814,814	191,368,011
2036 – 2040	36,183,284	—	4,435,000	4,092,297	44,710,581
Totals	\$ <u>753,065,137</u>	<u>15,126,721</u>	<u>20,969,833</u>	<u>537,582,058</u>	<u>1,326,743,749</u>

(a) *Alcorn State University*

Current Year Issuances

The Student Housing Project Bonds, Series 2009A, were issued in August 2009 by the Alcorn State University Educational Building Corporation (ASUEBC) to provide funds for the construction of dormitories on the Lorman campus. The original issuance was equal to \$47,000,000. Semi-annual interest rates range from 5.125% to 5.25%. The bonds are schedule to retire in September 2039.

(b) *Delta State University*

Current Year Issuances

Revenue Bonds, Series 2009A (Refunding Project) were issued August 27, 2009, by the Delta State University Educational Building Corporation (DSUEBC) to refund Series 1998 Revenue Bonds. The original issue amount was \$3,135,000. Semi-annual interest rates range from 2.5% to 3.75%. The bonds are scheduled to be retired in full in December 2018.

(c) *Jackson State University*

Current Year Issuances

The Jackson State University Educational Building Corporation (JSUEBC) issued bonds totaling \$31,325,000 (Series 2010-A-1) and \$790,000 (Series 2010-A-2) in June 2010 to (i) advance refund certain bond issues, including Series 2002, Series 2004-A, Series 2004-B and certain coupons of Series 2006-A, (ii) pay a termination fee relative to an interest rate swap agreement entered into to hedge the interest rate exposure of the Series 2004-B bonds, and (iii) cover certain costs incidental to the issue. The Series 2010-A-1 bonds bear interest at rates ranging from 3% to 5% per annum and mature on March 1, 2034. The Series 2010-A-2 bonds bear interest at 3% per annum and mature on March 1, 2014. These bonds were issued with an original issue premium of \$1,164,679 which is included in the amounts outstanding and is being amortized as additional interest expense over the life of the debt and which has an unamortized balance of \$1,163,722 as of June 30, 2010. In addition,

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

amounts outstanding have been reduced by the deferred loss resulting from the refunding that is being amortized over the life of the debt and which approximated \$6,869,174 as of June 30, 2010.

Advance and Current Refundings

During 2010, JSUEBC issued approximately \$32,115,000 of revenue refunding bonds to advance refund and defease certain bond issues as described above. Net proceeds for the advance refunding of bond issues were deposited into irrevocable trusts to provide all future debt service payments of the refunded debt. The refunding of the issues were undertaken to avoid accelerated repayments for variable rate bonds and to reduce debt service payments over the remaining years of maturity. The advance refunding reduced debt service payments over the next 24 years and resulted in an economic gain (the difference between the present values of the debt service payments of the refunded bonds) of approximately \$906,283.

Defeased Bonds

During 2010 and in prior years, JSUEBC defeased certain outstanding bonds by depositing the new proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all remaining principal and interest payments on defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2010, approximately \$73,606,000 was held in irrevocable trusts for outstanding bonds (including prior years' refundings) which are considered defeased.

Interest Rate Exchange Agreements (Swaps)

To lower exposure to rising interest rates, during FY 2009 JSUEBC entered into two interest rate swap agreements with an aggregate notional amount of \$66,405,000 in order to hedge the interest rates on its Series 2004-B and Series 2007 bonds. As of the trade date, September 11, 2008, the interest rate swap agreements were fixed at a rate considered off-market and JSUEBC received an upfront payment of \$1,900,000 (\$805,000 from the swap related to the Series 2004-B bonds and \$1,095,000 from the swap related to the Series 2007 bonds) which was accounted for as a borrowing liability that was to be repaid over the life of the swap agreements once they become effective. The effective date of the swap agreement related to the Series 2004-B bonds with a notional amount of \$22.375 million, was effective March 1, 2011 at which time JSUEBC was to pay the counterparty at a fixed rate of 5% and receive a variable rate indexed to the SIFMA Municipal Swap Index rate. This swap agreement was scheduled to expire on March 1, 2034. During 2010, this swap was terminated as part of the advance refunding of the Series 2004-B bonds. The swap termination required a termination fee of \$3,760,000 and the deferred loss related thereto was considered in the determination of the overall deferred loss on the refunding. In addition, the upfront payment of \$805,000 received by JSUEBC related to this swap agreement and recorded as an other borrowing, was considered as part of the basis in the determination of the deferred loss.

The effective date of the second swap agreement related to the Series 2007 bonds with a notional amount of \$44.03 million, is effective March 1, 2015 at which time JSUEBC will pay the counterparty at a fixed rate of 5% and receive a variable rate indexed to the SIFMA Municipal Swap

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Index rate. This swap agreement expires on March 1, 2034 and interest payments are settled semi-annually.

In June 2008, the GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which became effective for the University for the fiscal year beginning July 1, 2009. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments and specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The new standard provides specific criteria that governments are to use to determine whether a derivative instrument will result in an effective hedge. Changes in fair value for effective hedges that are achieved with derivative instruments will be recorded in the reporting period to which they relate. The changes in fair value of these hedging derivative instruments do not affect current investment revenue, but are instead reported as deferrals in the statement of net assets. Derivative instruments that either do not meet the criteria for an effective hedge or are associated with investments that are already reported at fair value are classified as investment derivative instruments for financial reporting purposes. Changes in fair value of those derivative instruments are reported as part of investment revenue in the current reporting period. JSU adopted the provisions of this statement during 2010 and as a result measured the fair value of the swap agreement which is carried in other noncurrent assets and which approximated \$3,783,000 as of June 30, 2010. Management has determined that the swap agreement is an effective hedge as of June 30, 2010.

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

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The upfront payment of \$1,095,000 received by JSUEBC and accounted for as an other borrowing liability is repayable over the life of the interest rate swap agreement beginning on its respective effective date based upon an imputed portion of the fixed rate payor settlements. This other borrowing accrues interest at a discount rate of approximately 4.60% annually and accrued interest as of June 30, 2010 approximated \$79,000.

(d) *University of Mississippi*

Current Year Issuances

The University of Mississippi Educational Building Corporation (UMEBC) issued bonds totaling \$14,770,000 in November 2009 (Series 2009C) for the construction, equipping and landscaping of residential colleges, dormitories and academic facilities, including external infrastructure improvements. Outstanding coupons bear interest at rates ranging from 2.50% to 4.75% payable semiannually with final maturity in November 2034.

Interest Rate Exchange Agreements (Swaps)

In connection with the \$34.7 million UMEBC Series 2000A variable-rate issue, UMEBC entered into an interest rate swap agreement and basis swap agreement during a historically low interest rate environment to reduce exposure to rising interest rates. The basis swap agreement was terminated March 16, 2009, with UMEBC receiving proceeds from the termination of \$243,415. The interest rate swap agreement was terminated May 1, 2009, with UMEBC paying termination costs of \$1,248,934. The resulting net termination costs of \$1,005,519 were recorded in the fiscal year 2009 Statement of Revenues, Expenses and Changes in Net Assets.

(e) *University of Southern Mississippi*

Current Year Issuances

The University of Southern Mississippi Real Estate Foundation issued Certificates of Participation (Series 2009) in November 2009 to provide funds for a parking facility for students, faculty and staff, including but not limited to the construction, equipping and landscaping of a ground level and four elevated levels of parking consisting of approximately 1,200 parking spaces. The original issuance was \$15,520,000 payable semi-annually with an interest rate ranging from 2% to 5.125% and a final maturity of September 2039.

(f) *University of Mississippi Medical Center*

Current Year Issuances

On October 22, 2009, the University of Mississippi Medical Center Educational Building Corporation (UMMCEBC) advance refunded the Series 2008A, 2008B, 1998A and a portion of the 1998B bonds through the issuance of Series 2009 \$105,605,000 revenue refunding bonds. The bonds were issued at premium of \$3,949,123 that will be amortized using the straight-line method, which approximates the effective interest method, over the life of the bonds. These revenue refunding bonds bear interest at rates ranging from 2.00% to 5.00% with interest due semiannually on June 1 and December 1 of each year beginning December 1, 2009. Principal matures from June 1, 2010

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

through 2034. Repayment of the revenue bonds is secured by a pledge of rental payments per a lease agreement between the UMMCEBC and the UMMC.

On June 22, 2010, the UMMCEBC issued \$24,870,000, \$20,000,000 and \$5,130,000 of Series 2010A, 2010B and 2010C bonds, respectively. The purpose of these revenue bonds is to finance capital expenditures related to the expansion, renovation, furnishing and equipping of existing facilities located on the campus of the UMMC.

The Series 2010A bond issue has been designated as “Build America Bonds” under the Recovery Act. The Recovery Act authorizes the UMMCEBC to issue taxable bonds to finance capital expenditures for which it could issue tax-exempt bonds and elect to receive a payment contemporaneously with each interest payment, currently equal to 35% of the interest payable. These revenue bonds bear interest at rates ranging from 5.92% to 6.69% with interest due semiannually on June 1 and December 1 of each year beginning December 1, 2010. Principal matures June 1, 2021 through 2032.

The Series 2010B bond issue has been designated as “Recovery Zone Economic Development Bonds” under the Recovery Act. The Recovery Act authorizes the UMMCEBC to issue taxable bonds to finance capital expenditures for which it could issues tax-exempt bonds and elect to receive a payment contemporaneously with each interest payment, currently equal to 45% of the interest payable. These revenue bonds bear interest at a rate of 6.842% with interest due semiannually on June 1 and December 1 of each year beginning December 1, 2010. Principal matures June 1, 2032 through 2035.

The Series 2010C bonds are tax-exempt revenue bonds. The bonds were issued at premium of \$240,832 that will be amortized using the straight-line method, which approximates the effective interest method, over the life of the bonds. These revenue bonds bear interest at rates ranging from 2.50% to 5.00% with interest due semiannually on June 1 and December 1 of each year beginning December 1, 2010. Principal matures from June 1, 2011 through 2020. Repayment of the Series 2010A, 2010B and 2010C bonds is secured by a pledge of rental payments per a lease agreement dated May 1, 2010, between the UMMCEBC and the UMMC.

Interest Rate Exchange Agreements (Swaps)

Funds from the Series 2009 issue of UMMCEBC were also used to fund swap termination payments related to two interest rate swaps agreements (notational amounts totaling \$83,885,000) related to the Series 2008A and Series 2008B bonds. The termination payments totaling approximately \$5,894,000 and the write off of unamortized deferred financing costs of the refunded bonds totaling approximately \$732,000 have been reflected as a deferred loss on long-term debt (total \$6,626,000) in the accompanying financial statements that will be amortized through 2034. Aggregate cash flows from the refunding date through contractual maturity of the refunded issues totaled approximately \$121,591,000, while the aggregate cash flows from the refunding Series 2009 issue totals approximately \$172,688,000, resulting in a net cash flow differential for the refunding transaction of approximately \$51,097,000. The economic loss (generally defined as the present value of the net cash flow differential discounted at the effective interest rate of the new debt) on the 2009 refunding transaction totals approximately \$29,539,000. At the time of the refunding, market conditions had

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

decreased availability and increased cost of guaranteed liquidity agreements. UMMCEBC would also be exposed to interest rate risk when the swap agreements expired in 2014. The market conditions made it attractive to refund these variable rate bond issues and eliminate the accompanying interest rate risk associated with these variable rate issues.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(9) Natural Classifications with Functional Classifications

The IHL System's operating expenses by functional classification were as follows for the years ended June 30, 2010 and 2009:

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Functional classification	2009									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 391,617,035	108,662,779	10,381,417	31,226,677	264,081	2,403,018	19,352,802	—	463,945	564,371,754
Research	147,755,841	42,163,529	9,513,766	90,528,320	3,146,331	2,627,910	36,194,029	—	1,699,331	333,629,057
Public service	78,646,859	22,602,599	6,436,390	53,336,003	1,019,927	783,362	11,814,094	—	30,827	174,670,061
Academic support	70,515,457	19,116,000	2,770,547	26,821,123	425,448	460,967	12,264,762	—	316,109	132,690,413
Student services	36,466,670	10,585,849	4,304,304	8,698,352	318,295	720,856	6,422,759	—	67,592	67,584,677
Institutional support	98,316,537	24,140,778	2,857,709	56,870,626	654,656	255,788	12,476,800	—	7,397,221	202,970,115
Operation of plant	47,447,522	16,048,150	160,892	29,225,377	44,065,871	—	13,090,827	6,665,518	372,222	157,076,379
Student aid	4,876,098	2,839,600	14,554	737,633	—	130,991,726	423,185	—	1,275	139,884,071
Auxiliary enterprises	53,214,180	13,656,050	8,748,107	51,521,864	12,414,936	13,387,804	21,773,135	6,070	194,344	174,916,490
Depreciation	—	—	—	—	—	—	—	102,856,799	—	102,856,799
Hospital	234,105,645	62,653,822	358,950	139,612,728	10,872,211	—	131,363,890	—	—	578,967,246
Loan fund expense	—	—	—	—	—	—	14,727	—	1,595,442	1,610,169
Other	—	—	—	—	—	—	597,189	—	—	597,189
	<u>1,162,961,844</u>	<u>322,469,156</u>	<u>45,546,636</u>	<u>488,578,703</u>	<u>73,181,756</u>	<u>151,631,431</u>	<u>265,788,199</u>	<u>109,528,387</u>	<u>12,138,308</u>	<u>2,631,824,420</u>
Elimination entities	—	—	—	(32,035,086)	—	(16,993,250)	—	—	—	(49,028,336)
Total operating expense:	<u>\$ 1,162,961,844</u>	<u>322,469,156</u>	<u>45,546,636</u>	<u>456,543,617</u>	<u>73,181,756</u>	<u>134,638,181</u>	<u>265,788,199</u>	<u>109,528,387</u>	<u>12,138,308</u>	<u>2,582,796,084</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(10) Operating Leases

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

Year ending June 30:	
2011	\$ 13,153,714
2012	10,576,851
2013	7,128,593
2014	5,887,761
2015	5,412,157
2016 - 2020	<u>7,263,225</u>
Total minimum payments required	\$ <u>49,422,301</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the years ending June 30, 2010 and 2009 approximated \$15,793,909 and \$14,663,000, respectively.

(11) Construction Commitments and Financing

The IHL System has contracted for various construction projects as of June 30, 2010 and 2009. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

	2009				
	Total costs to complete	Funded by			
		Federal sources	State sources	Institutional sources	Other
Alcorn State University	\$ 1,462,807	813,711	649,096	—	—
Delta State University	9,483,385	—	9,483,385	—	—
Jackson State University	21,424,138	—	21,424,138	—	—
Mississippi State University	79,823,129	10,734,963	33,074,745	36,013,421	—
Mississippi University Women	1,651,902	85,000	1,566,902	—	—
Mississippi Valley State University	35,383,364	—	35,383,364	—	—
University of Mississippi	122,703,000	27,037,000	28,485,000	43,386,000	23,795,000
University of Southern Mississippi	54,311,411	6,526,813	9,918,317	37,866,281	—
University of Mississippi Medical Center	<u>25,746,627</u>	<u>407,365</u>	<u>398,148</u>	<u>17,712,189</u>	<u>7,228,925</u>
Totals	\$ <u>351,989,763</u>	<u>45,604,852</u>	<u>140,383,095</u>	<u>134,977,891</u>	<u>31,023,925</u>

(12) Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditures approximated \$27,061,000 and \$10,810,000 as of June 30, 2010 and 2009, respectively. This amount is included on the statements of net assets as a component of the expendable net assets for scholarships and/or other purposes.

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

(13) Pension Plan

(a) Plan Description

The IHL System participates in either the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan or the Optional Retirement Plan (ORP), a multiple-employer defined contribution plan established in 1990. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(b) Vesting Period

In 2007, the Mississippi Legislature amended the PERS Plan to change the vesting period from four to eight years for members who entered the IHL System after July 1, 2007. A member who entered the IHL System prior to July 1, 2007 is still subject to the four year vesting period provided that the member does not subsequently refund their account balance.

(c) Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The actuarially determined rate was 11.85% of annual covered payroll as of July 1, 2007. The rate increased to 12.00% as of July 1, 2009. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The IHL System's contributions to PERS for the years ending June 30, 2010, 2009, and 2008 were \$101,915,820, \$90,659,363, and \$91,405,286, respectively. Such contributions equaled the required contributions for each respective year.

The membership of the ORP is composed of teachers and administrators of the IHL appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Membership in ORP is offered as a recruitment tool for the IHL. The IHL System's contributions to ORP for the years ending June 30, 2010, 2009, and 2008 were \$31,104,963, \$29,748,567, and \$25,830,044, respectively, which equaled its required contributions for each respective year.

(14) Self-Insured Worker's Compensation Fund

The IHL System participates in the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund (the WC Fund). The WC Fund exists in order to provide a mechanism for the IHL System to fund and budget for the costs of providing workers' compensation benefits to eligible employees. The WC Fund does not pay benefits directly to employees. Rather, funds are set-aside in trust, and a third party administrator is utilized to distribute the benefits to eligible employees. Total assets and liabilities of the WC Fund approximated \$10,003,211 and \$17,519,072, at June 30, 2010, respectively, and approximated \$11,423,000 and \$14,804,000, at June 30, 2009, respectively, and are included in the statement of net assets.

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

In order to minimize the amount of risk and in accordance with self-insurance general practices, the WC Fund purchases excess loss insurance to cover risks exceeding \$1,000,000 per occurrence. Excess loss insurance premiums for the years ended June 30, 2010 and 2009 were approximately \$334,000 and \$361,000, 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following represents changes in the unpaid claims liabilities for the WC Fund for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Accrued claims at beginning of year	\$ 14,664,000	14,912,000	13,996,000
Incurred claims:			
Provision for insured events of the current year	9,254,000	6,869,000	6,726,000
Decrease in provision for insured events of prior years	<u>3,000</u>	<u>(2,122,000)</u>	<u>(1,473,000)</u>
Total incurred claims and claims adjustment expenses	<u>9,257,000</u>	<u>4,747,000</u>	<u>5,253,000</u>
Claim payments:			
Claims attributable to insured events of the current year	2,556,000	1,483,000	1,439,000
Claims attributable to insured events of prior years	<u>3,990,000</u>	<u>3,512,000</u>	<u>2,898,000</u>
Total payments	<u>6,546,000</u>	<u>4,995,000</u>	<u>4,337,000</u>
Total accrued claims at end of year	\$ <u><u>17,375,000</u></u>	<u><u>14,664,000</u></u>	<u><u>14,912,000</u></u>

Total accrued claims, included in other liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$1,972,000 and \$2,256,000 as of June 30, 2010 and 2009, respectively.

(15) Unemployment Trust Fund

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund exists in order to provide a mechanism for the IHL System to fund and budget for the costs of providing unemployment benefits to eligible former employees. The Unemployment Fund does not pay benefits directly to former employees. Rather, it reimburses the Mississippi Department of Employment Security for benefits it pays directly to former IHL System employees. The assets and liabilities, included in other liabilities, of the Unemployment Fund equaled \$1,714,549 and \$2,275,838 at June 30, 2010, respectively and approximated \$2,358,000 and \$2,129,000 at June 30, 2009, respectively, and are included in the statement of net assets.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2010 and 2009. The actuarial firm recommended a minimum funding level of \$2.4 million as of June 30, 2010. They concluded that the actual assets of the Unemployment Fund, which equaled \$1,714,549 at June 30, 2010, were lower than the recommended minimum. This fact would be considered by the IHL when determining future funding rates.

(16) Tort Liability Fund and Other Contingencies

The IHL System participates in the State Institutions of Higher Learning Tort Liability Fund (the IHL Tort Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board of Trustees of State Institutions of Higher Learning (IHL Board) to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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 the IHL System. 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, 2010 and 2009. Total assets and liabilities of the IHL Tort Fund approximated \$12,021,355 and \$11,628,797 at June 30, 2010, respectively, and approximated \$10,183,000 and \$11,027,000 at June 30, 2009, respectively, and are included in the statement of net assets.

The following represents changes in the unpaid claims liabilities for the IHL Tort Fund during the period ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Accrued claims at beginning of year	\$ 10,892,000	7,829,000	7,235,000
Incurred claims:			
Provision for insured events of the current year	2,401,000	2,411,000	1,883,000
Increase (decrease) in provision for insured events of prior years	<u>(626,000)</u>	<u>2,213,000</u>	<u>(112,000)</u>
Total incurred claims and claims adjustment expense	<u>1,775,000</u>	<u>4,624,000</u>	<u>1,771,000</u>
Claims paid:			
Claims attributable to insured events of the current year	22,000	119,000	20,000
Claims attributable to insured events of prior years	<u>1,079,000</u>	<u>1,442,000</u>	<u>1,157,000</u>
Total payments	<u>1,101,000</u>	<u>1,561,000</u>	<u>1,177,000</u>
Total accrued claims at end of year	\$ <u><u>11,566,000</u></u>	<u><u>10,892,000</u></u>	<u><u>7,829,000</u></u>

Total accrued claims, included in other liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$1,273,000 and \$1,643,000 as of June 30, 2010 and 2009, respectively.

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

(17) University of Mississippi Medical Center Tort Claims Fund

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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 the State Institutions of Higher Learning. 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 of the UMMC Tort Claims Fund approximated \$34,604,972 and \$30,654,937 at June 30, 2010, respectively.

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 UMMC Tort Claims Fund for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Accrued claims at beginning of year	\$ 26,987,000	24,747,000	25,587,000
Incurred claims:			
Provision for insured events of the current year	8,567,000	6,713,000	6,130,000
Decrease in provision for insured events of prior years	877,000	(391,000)	(3,586,000)
Total incurred claims	<u>9,444,000</u>	<u>6,322,000</u>	<u>2,544,000</u>
Payments:			
Claims attributable to insured events of the current year	448,000	9,000	107,000
Claims attributable to insured events of prior years	5,864,000	4,073,000	3,277,000
Total payments	<u>6,312,000</u>	<u>4,082,000</u>	<u>3,384,000</u>
Total accrued claims at end of year	\$ <u><u>30,119,000</u></u>	<u><u>26,987,000</u></u>	<u><u>24,747,000</u></u>

At June 30, 2010, unpaid claims, included in other liabilities, of \$33,848,000 are presented at their net present value of \$30,119,000.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

(a) Significant Accounting Policies

i) Organization

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

ii) Basis of Accounting

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

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

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

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

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

iii) *Use of Estimates*

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

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

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

iv) *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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Allocation of Investment Strategies

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

Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by MSUF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the SEC are based on share prices reported by the funds as of the last business day of the fiscal year. MSUF's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used a practical expedient to estimate the fair value of MSUF's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2010 and 2009, MSUF had no plans or intentions to sell investments at amounts different from NAV.

v) *Pledges*

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(b) Investments

MSUF, MSU, the MSU Alumni Foundation, and the MSU Bulldog Club, Inc. are participants in a joint venture whereby certain assets are pooled for investment purposes. MSUF is the investment pool's general partner, manages the assets of the pool, and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the pool are allocated to each participant based on their share of ownership of the pool. At June 30, 2010 and 2009, approximately 84% and 83%, respectively, of MSUF's investments are included in the pool.

Investments are summarized as follows at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Fixed income securities	\$ 56,386,320	56,403,186
Equity securities	92,149,861	77,530,352
Hedged funds	50,007,931	43,837,961
Private equity and venture capital funds	3,060,238	2,681,561
Natural resources	12,250,875	10,566,275
Short-term investments	5,205,777	5,042,878
Contributed properties held for investment	10,287,397	7,176,346
Cash surrender value of life insurance	1,230,385	1,161,859
	<u>\$ 230,578,784</u>	<u>204,400,418</u>

Within each asset class, MSUF achieves diversification through allocations to several investment strategies and market capitalizations.

The following schedule summarizes net investment income (loss) in the statements of activities for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Dividends and interest (net of expenses of \$813,359 and \$815,363, respectively)	\$ 5,200,949	7,083,087
Net realized and unrealized gains (losses)	18,892,477	(38,861,557)
	<u>\$ 24,093,426</u>	<u>(31,778,470)</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(c) Pledges Receivable

Pledges receivable, net, are summarized as follows at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 7,129,430	7,893,435
One year to five years	10,009,126	10,108,024
Over five years	<u>2,865,159</u>	<u>4,262,201</u>
	20,003,715	22,263,660
Less unamortized discount (rates ranging from 1% to 5% in 2010 and 2009)	<u>(1,859,760)</u>	<u>(2,024,659)</u>
	18,143,955	20,239,001
Less allowance for uncollectible pledges	<u>(790,737)</u>	<u>(676,701)</u>
	<u>\$ 17,353,218</u>	<u>19,562,300</u>

(d) Net Assets

Temporarily restricted and permanently restricted net assets at June 30, 2010 and 2009 were available for the following purposes:

	<u>2010</u>		<u>2009</u>	
	<u>Net assets</u>		<u>Net assets</u>	
	<u>Temporarily</u>	<u>Permanently</u>	<u>Temporarily</u>	<u>Permanently</u>
	<u>restricted</u>	<u>restricted</u>	<u>restricted</u>	<u>restricted</u>
General college support	\$ 13,678,870	81,426,777	12,914,740	74,445,123
Student financial aid	12,753,182	93,020,431	12,073,790	87,879,020
Research	455,346	16,475,183	1,010,879	16,297,408
Faculty and staff support	2,022,599	40,421,874	1,274,278	39,780,153
Facilities	3,816,912	6,955,463	4,808,804	7,915,287
Other	<u>842,665</u>	<u>2,140,090</u>	<u>482,296</u>	<u>2,186,023</u>
Total	<u>\$ 33,569,574</u>	<u>240,439,818</u>	<u>32,564,787</u>	<u>228,503,014</u>

(e) Fair Value Measurements

i) Fair Value of Financial Instruments

The carrying amounts reported in the statements of financial position for cash, other receivables, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. The carrying amount of pledges receivable approximates fair value as they are presented on a discounted basis. The fair value of the notes receivable has been estimated using current interest rates and approximate the carrying amounts at

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

June 30, 2010 and 2009. The fair value of the various debt instruments has been estimated using interest rates currently offered to MSUF for borrowings having similar character, collateral and duration. The fair value of such debt instruments approximates the carrying amounts at June 30, 2010 and 2009. Investments and amounts due from externally managed trusts are reflected in the accompanying financial statements at fair value. The fair value of annuity obligations approximates carrying value at June 30, 2010 and 2009 due to discount rates and actuarial assumptions used in the calculation of MSUF's liability.

ii) *Fair Value Hierarchy*

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following tables summarize MSUF's assets by major category in the fair value hierarchy as of June 30, 2010 and 2009:

	June 30, 2010			Total	Redemption or Liquidation	Days' Notice
	Level 1	Level 2	Level 3			
Fixed income:						
Fixed income securities	\$ 262,797	8,428,390	—	8,691,187	Daily	1
Fixed income - mutual funds	47,695,133	—	—	47,695,133	Daily	1
Total fixed income	47,957,930	8,428,390	—	56,386,320		
Equities:						
Domestic large cap/mid cap	964,313	31,869,056	—	32,833,369	Daily	1-3
Domestic small cap	22,064,622	—	—	22,064,622	Daily	3
Non-U.S. equity	18,132,121	11,391,197	—	29,523,318	Daily/monthly	1-15
Real-estate investment trusts	7,728,552	—	—	7,728,552	Daily	1
Total equities	48,889,608	43,260,253	—	92,149,861		
Hedged funds	—	—	50,007,931	50,007,931	(1)	(1)
Private equity and venture capital funds	—	—	3,060,238	3,060,238	Illiquid (2)	—
Natural resources	—	—	12,250,875	12,250,875	(3)	(3)
Short-term investments	5,205,777	—	—	5,205,777	Daily	1
Contributed properties held for investment	—	—	10,287,397	10,287,397	Illiquid (4)	—
Cash surrender value of life insurance	—	1,230,385	—	1,230,385	(5)	(5)
Total investments	\$ 102,053,315	52,919,028	75,606,441	230,578,784		
Present value of amounts due from externally managed trusts	\$ —	28,799,932	—	28,799,932		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

	June 30, 2009				Redemption or Liquidation	Days' Notice
	Level 1	Level 2	Level 3	Total		
Fixed income:						
Fixed income securities	\$ 271,157	9,865,842	—	10,136,999	Daily	1
Fixed income - mutual funds	46,266,187	—	—	46,266,187	Daily	1
Total fixed income	46,537,344	9,865,842	—	56,403,186		
Equities:						
Domestic large cap/mid cap	859,013	32,764,019	—	33,623,032	Daily	1-3
Domestic small cap	15,081,939	—	—	15,081,939	Daily	3
Non-U.S. equity	14,151,211	8,426,707	—	22,577,918	Daily/monthly	1-15
Real-estate investment trusts	6,247,463	—	—	6,247,463	Daily	1
Total equities	36,339,626	41,190,726	—	77,530,352		
Hedged funds	—	—	43,837,961	43,837,961	(1)	(1)
Private equity and venture capital funds	—	—	2,681,561	2,681,561	Illiquid (2)	—
Natural resources	—	—	10,566,275	10,566,275	(3)	(3)
Short-term investments	5,042,878	—	—	5,042,878	Daily	1
Contributed properties held for investment	—	—	7,176,346	7,176,346	Illiquid (4)	—
Cash surrender value of life insurance	—	1,161,859	—	1,161,859	(5)	(5)
Total investments	\$ 87,919,848	52,218,427	64,262,143	204,400,418		
Present value of amounts due from externally managed trusts	\$ —	26,986,042	—	26,986,042		

(1) Some of the hedge fund investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 15 to 180 days notice after the initial lock up period, which may be monthly, quarterly, or annually. At June 30, 2010 and 2009, MSUF had no alternative investment funds for which an otherwise redeemable investment was not redeemable.

(2) These funds have ten-year terms, with extensions of one to four years, and are expected to liquidate within five to seven years; future commitments to these funds total \$674,287 and \$1,188,975 at June 30, 2010 and 2009, respectively. Private equity and venture capital investments are generally made through limited partnerships. Under the terms of such agreements, MSUF may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. MSUF cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.

(3) One partnership expected to terminate in May 2019, but is subject to two 2-year extensions. The master limited partnership allows for monthly redemptions with 30 days notice.

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following tables present MSUF's activities for the years ended June 30, 2010 and 2009 for investments classified in Level 3:

	2010				
	Hedged funds	Private equity and venture capital funds	Natural resources	Contributed properties held for investment	Total
Beginning value as of July 1, 2009	\$ 43,837,961	2,681,561	10,566,275	7,176,346	64,262,143
Acquisitions	24,252,351	192,662	—	3,450,000	27,895,013
Dispositions	(20,283,831)	(52,114)	(387,357)	(239,303)	(20,962,605)
Net realized and unrealized gains (losses)	<u>2,201,450</u>	<u>238,129</u>	<u>2,071,957</u>	<u>(99,646)</u>	<u>4,411,890</u>
Fair value at June 30, 2010	<u>\$ 50,007,931</u>	<u>3,060,238</u>	<u>12,250,875</u>	<u>10,287,397</u>	<u>75,606,441</u>
	2009				
	Hedged funds	Private equity and venture capital funds	Natural resources	Contributed properties held for investment	Total
Beginning value as of July 1, 2008	\$ 50,628,551	2,837,694	12,738,086	7,076,718	73,281,049
Acquisitions	40,332	266,318	104,872	1,313,127	1,724,649
Dispositions	(1,776,341)	(21,501)	—	(2,203,641)	(4,001,483)
Net realized and unrealized gains (losses)	<u>(5,054,581)</u>	<u>(400,950)</u>	<u>(2,276,683)</u>	<u>990,142</u>	<u>(6,742,072)</u>
Fair value at June 30, 2009	<u>\$ 43,837,961</u>	<u>2,681,561</u>	<u>10,566,275</u>	<u>7,176,346</u>	<u>64,262,143</u>

(f) Endowment

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

i) Interpretations of Relevant Law

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The MSUF Board considered the following factors in making its determination:

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

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

ii) Spending Policy

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

The annual rate for spendable transfers, distributed semi-annually, is 4% of the investment pool's average unit value over the most recent 24-month period. In addition, each endowed fund is assessed an annual 1% administrative fee. This fee is a portion of the funding mechanism for the development and alumni programs of MSU.

iii) Investment Policy

MSUF's investment objectives are to provide an annualized real (adjusted for inflation) rate of return of 5% or more in order to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support activities of the funds held for the colleges

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

and units of MSU. This policy is designed to tolerate volatility in short and intermediate-term performance. The endowment assets are invested as a part of the investment pool.

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

Endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (11,053,355)	6,057,746	240,439,818	235,444,209
Board-designated endowment funds	<u>11,201,036</u>	<u>—</u>	<u>—</u>	<u>11,201,036</u>
Total funds	\$ <u>147,681</u>	<u>6,057,746</u>	<u>240,439,818</u>	<u>246,645,245</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Changes in endowment net assets for the fiscal year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (12,890,771)	6,690,128	228,503,014	222,302,371
Investment return:				
Investment income	444,418	3,223,116	—	3,667,534
Net appreciation (realized and unrealized)	<u>11,581,126</u>	<u>4,303,194</u>	<u>482,982</u>	<u>16,367,302</u>
Total investment return	12,025,544	7,526,310	482,982	20,034,836
Contributions	—	—	9,234,758	9,234,758
Appropriation of endowment assets for expenditure	(341,060)	(6,804,724)	—	(7,145,784)
Other changes:				
Other transfers	1,353,968	(1,353,968)	—	—
Change in value of split interest agreements	<u>—</u>	<u>—</u>	<u>2,219,064</u>	<u>2,219,064</u>
Endowment net assets, end of year	\$ <u><u>147,681</u></u>	<u><u>6,057,746</u></u>	<u><u>240,439,818</u></u>	<u><u>246,645,245</u></u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Endowment net asset composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (22,080,786)	6,690,128	228,503,014	213,112,356
Board-designated endowment funds	<u>9,190,015</u>	<u>—</u>	<u>—</u>	<u>9,190,015</u>
Total funds	<u>\$ (12,890,771)</u>	<u>6,690,128</u>	<u>228,503,014</u>	<u>222,302,371</u>

Changes in endowment net assets for the fiscal year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,156,069	24,306,972	217,226,004	250,689,045
Investment return:				
Investment income	360,823	4,700,675	4,219	5,065,717
Net depreciation (realized and unrealized)	<u>(21,227,090)</u>	<u>(13,963,955)</u>	<u>(336,742)</u>	<u>(35,527,787)</u>
Total investment return	(20,866,267)	(9,263,280)	(332,523)	(30,462,070)
Contributions	—	—	11,073,098	11,073,098
Appropriation of endowment assets for expenditure	(2,290,573)	(8,353,564)	—	(10,644,137)
Other changes:				
Transfers to create board-designated endowment funds	1,110,000	—	—	1,110,000
Change in restrictions by donor	—	—	144,435	144,435
Change in value of split interest agreements	<u>—</u>	<u>—</u>	<u>392,000</u>	<u>392,000</u>
Endowment net assets, end of year	<u>\$ (12,890,771)</u>	<u>6,690,128</u>	<u>228,503,014</u>	<u>222,302,371</u>

iv) 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 \$11,053,355 and \$22,080,786 at June 30, 2010 and 2009, respectively.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

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

(a) Significant Accounting Policies

i) Organization

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

ii) Basis of Accounting

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

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

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

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

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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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

iv) ***Donor-Imposed Restrictions***

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

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted.

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

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

v) ***Revenue Recognition***

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

vi) ***Investments***

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which include certain private equity investments and hedge funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. UMF's partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the UM's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2010 and 2009, UMF had no plans or intentions to sell investments at amounts different from NAV. UMF's real estate investments are also carried at fair value based on appraisal values at the date of receipt and as subsequently updated. Both realized and unrealized gains and losses are classified in the accompanying statements of activities based on restrictions put in place by the donor.

vii) ***Fair Value of Financial Instruments***

The carrying amounts at June 30, 2010 and 2009 for cash and cash equivalents, pledges receivable, beneficial interest in remainder trust, funds held for others, liabilities under remainder trusts, and other liabilities approximate their fair values.

(b) ***Pledges Receivable***

UMF obtains pledges through fund-raising projects in support of various activities. At June 30, 2010, pledges mature at various dates through 2031 (approximately \$7,780,000 is due in fiscal year 2011, \$16,656,000 is due in total during the period including fiscal year 2012 through fiscal year 2016, and \$1,692,000 is due thereafter). At June 30, 2009, pledges mature at various dates through 2030 (approximately \$8,962,000 was due in fiscal year 2010, \$16,711,000 is due in total during the period including fiscal year 2011 through fiscal year 2015, and \$3,061,000 is due thereafter). A summary of pledges receivable as of June 30, 2010 and 2009 is as follows:

	2010	2009
Temporarily restricted	\$ 16,844,606	21,480,174
Permanently restricted	9,283,732	7,253,570
	26,128,338	28,733,744
Allowances for doubtful pledges	(3,667,008)	(1,771,452)
Present value discounts (ranging from 3.2% to 5.1%)	(3,066,656)	(4,688,644)
	\$ 19,394,674	22,273,648

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(c) **Investments**

UMF's investments, aggregated by investment strategy, with related liquidity information consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>Liquidation period</u>
Investment strategy:			
Fixed income:			
U.S. Government securities	\$ 3,261,600	396,250	Daily
Corporate bonds	13,152,172	4,023,458	Daily
Certificates of deposit	506,615	300,267	Annually
Other fixed income securities	96,644,979	83,641,546	Daily
Total fixed income	<u>113,565,366</u>	<u>88,361,521</u>	
Equities:			
Common stocks	18,638,471	15,709,778	Daily
Common stock funds	48,694,265	57,696,230	Daily
Mutual funds	14,760,020	10,664,867	Daily
Index funds	15,067,238	18,073,841	Daily
Total equities	<u>97,159,994</u>	<u>102,144,716</u>	
Hedge funds	29,897,621	25,314,843	Various ¹
Venture capital	7,319,029	6,531,543	Illiquid ²
Real estate:			
Real estate owned	5,146,849	6,808,299	Illiquid
Timber fund	12,706,931	2,001,906	Illiquid ³
Partnership interest	750,000	—	Illiquid ⁴
Total real estate	<u>18,603,780</u>	<u>8,810,205</u>	
Other short-term investments	12,981,826	19,384,751	Daily
Total investments	<u>\$ 279,527,616</u>	<u>250,547,579</u>	

¹ Majority of these hedge funds have liquidation terms that allows UMF to liquidate their investment in the fund on a quarterly basis but require prior notification ranging from 30 to 65 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that UMF 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.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. In accordance with ASU 2009-12, *Investments that can be Redeemed at Net Asset Value on the Measurement Date or in the Near Term*, may be classified as Level 2. NAV is used as a practical expedient to estimate the fair value of such investments unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2010 and 2009, UMF had no plans or intentions to sell investments at amounts different from NAV.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2010.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ —	3,261,600	—	3,261,600
Corporate bonds	—	13,152,172	—	13,152,172
Certificates of deposit	—	506,615	—	506,615
Other fixed income securities	94,330,700	2,314,279	—	96,644,979
Total fixed income	<u>94,330,700</u>	<u>19,234,666</u>	<u>—</u>	<u>113,565,366</u>
Equities:				
Common stocks	18,638,471	—	—	18,638,471
Common stock funds	48,694,265	—	—	48,694,265
Mutual funds	14,760,020	—	—	14,760,020
Index funds	15,067,238	—	—	15,067,238
Total equities	<u>97,159,994</u>	<u>—</u>	<u>—</u>	<u>97,159,994</u>
Hedge funds	—	29,897,621	—	29,897,621
Venture capital	—	—	7,319,029	7,319,029
Real estate:				
Real estate owned	—	—	5,146,849	5,146,849
Timber fund	—	—	12,706,931	12,706,931
Partnership interest	—	—	750,000	750,000
Total real estate	<u>—</u>	<u>—</u>	<u>18,603,780</u>	<u>18,603,780</u>
Other short-term investments	12,981,826	—	—	12,981,826
Total investments	<u>\$ 204,472,520</u>	<u>49,132,287</u>	<u>25,922,809</u>	<u>279,527,616</u>
Beneficial interest in remainder trust	\$ —	—	4,511,220	4,511,220

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2¹</u>	<u>Level 3¹</u>	<u>Total</u>
Investment strategy:				
Fixed Income:				
U.S. Government securities	\$ —	396,250	—	396,250
Corporate bonds	—	4,023,458	—	4,023,458
Certificates of deposit	—	300,267	—	300,267
Other fixed income securities	82,427,465	1,214,081	—	83,641,546
Total fixed income	<u>82,427,465</u>	<u>5,934,056</u>	<u>—</u>	<u>88,361,521</u>
Equities:				
Common stocks	15,709,778	—	—	15,709,778
Common stock funds	57,696,230	—	—	57,696,230
Mutual funds	10,664,867	—	—	10,664,867
Index funds	18,073,841	—	—	18,073,841
Total equities	<u>102,144,716</u>	<u>—</u>	<u>—</u>	<u>102,144,716</u>
Hedge funds	—	25,314,843	—	25,314,843
Venture capital	—	—	6,531,543	6,531,543
Real estate:				
Real estate owned	—	—	6,808,299	6,808,299
Timber fund	—	—	2,001,906	2,001,906
Total real estate	<u>—</u>	<u>—</u>	<u>8,810,205</u>	<u>8,810,205</u>
Other short-term investments	19,384,751	—	—	19,384,751
Total investments	<u>\$ 203,956,932</u>	<u>31,248,899</u>	<u>15,341,748</u>	<u>250,547,579</u>
Beneficial interest in remainder trust	\$ —	—	3,730,226	3,730,226

¹ These amounts do not agree to amounts included in the June 30, 2009 audited financial statements due to the guidance provided in ASU 2009-12, which became effective for annual periods ending after December 15, 2009, and which UMF has adopted.

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table includes a rollforward of the amounts for the year ended June 30, 2010 and 2009 for investments classified within Level 3:

		Real estate	Venture capital	Beneficial interest in remainder trust
Balance as of June 30, 2008 ¹	\$	8,908,299	5,639,436	3,417,765
Net realized and unrealized gain (loss)		(98,094)	620,607	312,461
Net purchases (sales)		—	271,500	—
Balance as of June 30, 2009 ¹		8,810,205	6,531,543	3,730,226
Net realized and unrealized gain (loss)		(2,006,425)	(391,766)	780,994
Net purchases (sales)		11,800,000	1,179,252	—
Balance as of June 30, 2010	\$	18,603,780	7,319,029	4,511,220

¹ These amounts do not agree to amounts included in the June 30, 2009 audited financial statements due to the guidance provided in ASU 2009-12, which became effective for annual periods ending after December 15, 2009, and which UMF has adopted.

(e) Net Asset Classification of Endowment Funds

UMF adopted ASC Topic 958-205, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds*, as of July 1, 2008. This standard, which is effective for years ending after December 31, 2008 provides guidance on the net asset classification of donor restricted endowment funds and related disclosures. ASC Topic 958-205 also provides guidance relative to net asset classification of funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). When adopted by the state of domicile, UPMIFA requires a number of management assessments, including:

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

The State of Mississippi has not adopted UPMIFA. UMF's Board of Directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds. As a result, UMF classifies as permanently restricted net assets the original gift donated to the permanent endowment and the original value of subsequent

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

gifts and other income. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified in temporarily restricted net assets until the amounts are appropriated for expenditure in accordance with the donor memorandums of agreement.

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Changes in donor-restricted endowment net assets for the years ended June 30, 2010 and 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment net assets (deficit), June 30, 2008	\$ (472,305)	56,086,576	130,619,789	186,234,060
Contributions and transfers to endowment	—	—	7,309,781	7,309,781
Appropriation for expenditures	—	(9,036,789)	—	(9,036,789)
Investment return:				
Investment income	—	5,705,977	—	5,705,977
Net appreciation (depreciation)	<u>(8,275,537)</u>	<u>(27,806,238)</u>	<u>—</u>	<u>(36,081,775)</u>
Donor-restricted endowment net assets (deficit), June 30, 2009	(8,747,842)	24,949,526	137,929,570	154,131,254
Contributions and transfers to endowment	—	—	9,961,425	9,961,425
Appropriation for expenditures	—	(3,767,367)	—	(3,767,367)
Investment return:				
Investment income	—	4,618,210	—	4,618,210
Net appreciation (depreciation)	<u>6,344,409</u>	<u>12,735,164</u>	<u>—</u>	<u>19,079,573</u>
Donor-restricted endowment net assets (deficit), June 30, 2010	\$ <u><u>(2,403,433)</u></u>	<u><u>38,535,533</u></u>	<u><u>147,890,995</u></u>	<u><u>184,023,095</u></u>

Due to unfavorable market fluctuations, UMF has endowments that have fallen below the original gift value of the funds. At June 30, 2010 and 2009, the fair values of certain permanently restricted investments were below their original contribution by approximately \$2,403,000 and \$8,748,000, respectively, and these deficiencies have been recorded in unrestricted net assets. Future gains will be used to restore these deficiencies in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(f) Net Assets

Permanently restricted net assets at June 30, 2010 and 2009 were available for the following purposes:

	2010	2009
Academic and program support	\$ 32,401,864	30,415,319
Scholarship support	68,672,104	64,990,577
Faculty support	35,589,664	30,583,380
Library support	13,534,926	13,443,655
Total	\$ 150,198,558	139,432,931

The vast majority of temporarily restricted net assets at June 30, 2010 and 2009 were available for academic and program support.

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

(a) Significant Accounting Policies

i) Organization

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

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

ii) Basis of Accounting

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

include contributions designated to a particular college or unit. To the extent that restricted resources from multiple donors are available for the same purpose, USMF expends such gifts on a “first in, first out” basis.

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

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

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

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

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

iii) Use of Estimates

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

USMF’s investments are invested in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in USMF's financial statements.

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

iv) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. 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 USMF'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, 2010 and 2009, 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.

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

v) Pledges

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(b) Investments

Investments are summarized as follows at June 30, 2010 and 2009:

	2010	2009
Pooled investments and mutual funds	\$ 29,333,373	13,908,675
U. S. Government obligations	10,686,428	9,597,384
Corporate equities	14,338,211	11,507,583
Corporate debt obligations	4,187,603	4,582,326
Real estate investment funds	62,953	550,429
Cash surrender value of insurance policies	1,916,343	1,813,664
Real estate	473,156	505,656
Other	46,032	46,032
	\$ 61,044,099	42,511,749

The following schedule summarizes net investment income (loss) and its classification in the statements of activities:

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$446,559)	\$ 1,008,644	44,889	16,533	1,070,066
Realized (losses) gains, net	(33,972)	497,679	20,340	484,047
Unrealized gains, net	1,079,986	1,458,458	74,591	2,613,035
	\$ 2,054,658	2,001,026	111,464	4,167,148
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest (net of expenses of \$420,040)	\$ 660,474	408,427	23,808	1,092,709
Realized losses, net	(108,778)	(2,195,788)	(81,014)	(2,385,580)
Unrealized losses, net	(2,533,179)	(4,478,341)	(307,078)	(7,318,598)
	\$ (1,981,483)	(6,265,702)	(364,284)	(8,611,469)

(c) 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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

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 – Observable inputs are quoted prices in active markets for identical assets and liabilities,
- Level 2 – Observable inputs are other than the quoted prices in active markets for identical assets and liabilities – includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and
- Level 3 – Unobservable inputs – includes amounts derived from valuation models where one or more significant inputs are unobservable and require management to develop relevant assumptions.

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.

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

Mutual funds, pooled investment funds, U.S. Government obligations, corporate equities, corporate debt obligations and externally managed trusts: Valued at the closing price reported on the active market on which the individual securities are traded.

Real estate investment funds: Valued at the net asset value of underlying investments as determined by the asset custodian; management also takes into consideration the audited financial information to determine overall reasonableness of the recorded value.

Life insurance contracts: Valued at the cash surrender value of the life insurance contract as determined by the life insurance company.

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

The following tables set forth by level, within the fair value hierarchy, USMF's assets at fair value or net asset value as of June 30, 2010 and 2009:

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Government obligations	\$ 10,686,428	—	—	10,686,428
Corporate debt obligations	4,187,603	—	—	4,187,603
Total fixed income	<u>14,874,031</u>	<u>—</u>	<u>—</u>	<u>14,874,031</u>
Equities:				
Mutual funds	29,252,610	—	—	29,252,610
Pooled investment funds	80,763	—	—	80,763
Corporate equities	14,338,211	—	—	14,338,211
Total equities	<u>43,671,584</u>	<u>—</u>	<u>—</u>	<u>43,671,584</u>
Real estate:				
Real estate investment funds	—	—	62,953	62,953
Real estate owned	—	—	473,156	473,156
Total real estate	<u>—</u>	<u>—</u>	<u>536,109</u>	<u>536,109</u>
Life insurance contracts	—	—	1,916,343	1,916,343
Other	—	—	46,032	46,032
Total investments	<u>\$ 58,545,615</u>	<u>—</u>	<u>2,498,484</u>	<u>61,044,099</u>
Present value of amounts due from externally managed trusts*	<u>\$ 1,316,380</u>	<u>—</u>	<u>137,260</u>	<u>1,453,640</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

	June 30, 2009			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Government obligations	\$ 9,597,384	—	—	9,597,384
Corporate debt obligations	4,582,326	—	—	4,582,326
Total fixed income	14,179,710	—	—	14,179,710
Equities:				
Mutual funds	13,829,979	—	—	13,829,979
Pooled investment funds	78,696	—	—	78,696
Corporate equities	11,507,583	—	—	11,507,583
Total equities	25,416,258	—	—	25,416,258
Real estate:				
Real estate investment funds	—	—	550,429	550,429
Real estate owned	—	—	505,656	505,656
Total real estate	—	—	1,056,085	1,056,085
Life insurance contracts	—	—	1,813,664	1,813,664
Other	—	—	46,032	46,032
Total investments	\$ 39,595,968	—	2,915,781	42,511,749
Present value of amounts due from externally managed trusts*	\$ 1,258,796	—	317,180	1,575,976

*At June 30, 2010 and 2009, the present value of amounts due from externally managed trusts primarily consisted of mutual funds which are classified as Level 1 investments. Real estate, classified as a Level 3 investment, totaling \$137,260 and \$317,180, respectively, was also included in the present value of amounts due from externally managed trusts.

At June 30, 2010 and 2009, USMF had no outstanding unfunded commitments related to investments. In addition, all of USMF's investments can be redeemed or liquidated on a daily basis except for real estate investments which require a much longer period to liquidate.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

Level 3 Gains and Losses

The tables below set forth a summary of changes in the fair value or net asset value of USMF's Level 3 assets for the years ended June 30, 2010 and 2009:

	June 30, 2010					
	Real estate investment funds	Life insurance contracts	Real estate	Externally Managed Trusts	Other	Total
Balance, June 30, 2009	\$ 550,429	1,813,664	505,656	317,180	46,032	3,232,961
Realized losses	(53,803)	—	(60,000)	—	—	(113,803)
Unrealized losses	(433,673)	—	—	(179,920)	—	(613,593)
Contributions	—	—	27,500	—	—	27,500
Change in cash surrender value	—	102,679	—	—	—	102,679
Balance, June 30, 2010	\$ <u>62,953</u>	<u>1,916,343</u>	<u>473,156</u>	<u>137,260</u>	<u>46,032</u>	<u>2,635,744</u>

	June 30, 2009					
	Real estate investment funds	Life insurance contracts	Real estate	Externally Managed Trusts	Other	Total
Balance, June 30, 2008	\$ 1,256,577	1,673,193	516,056	317,180	46,032	3,809,038
Realized losses	(46,802)	—	(10,400)	—	—	(57,202)
Unrealized losses	(659,346)	—	—	—	—	(659,346)
Change in cash surrender value	—	140,471	—	—	—	140,471
Balance, June 30, 2009	\$ <u>550,429</u>	<u>1,813,664</u>	<u>505,656</u>	<u>317,180</u>	<u>46,032</u>	<u>3,232,961</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(d) Pledges Receivable

Pledges receivable, net, are summarized as follows at June 30, 2010 and 2009:

	2010	2009
Unconditional promises expected to be collected in:		
Less than one year	\$ 3,817,786	3,994,036
One year to five years	8,479,959	3,556,733
More than five years	54,680	193,879
	12,352,425	7,744,648
Less unamortized discounts ranging from 1.79% to 5.15%	(723,038)	(640,650)
	11,629,387	7,103,998
Less allowance for uncollectible pledges	(522,574)	(805,603)
	\$ 11,106,813	6,298,395

(e) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009 were available for the following purposes:

	2010	2009
Student financial aid	\$ 16,664,710	10,532,324
Academic divisions	3,303,561	3,308,586
Research	352,760	407,075
Operation and maintenance of plant	2,332,762	4,020,228
Library	136,093	122,185
Athletics	378,131	307,226
Faculty and staff support	360,210	319,554
Other restricted purposes	7,103,287	5,982,195
Total	\$ 30,631,514	24,999,373

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

(f) *Permanently Restricted Net Assets*

Permanently restricted net assets at June 30, 2010 and 2009 have been categorized based on the donors' designation of the related investment income and are summarized as follows:

	<u>2010</u>	<u>2009</u>
Student financial aid	\$ 28,679,672	27,826,695
Academic divisions	4,162,144	3,994,702
Research	692,173	676,181
Operation and maintenance of plant	1,252,625	1,227,717
Library	2,919,600	2,896,691
Athletics	12,950	12,950
Faculty and staff support	6,308,903	6,167,858
Other restricted purposes	<u>2,783,547</u>	<u>2,699,213</u>
Total	\$ <u>46,811,614</u>	<u>45,502,007</u>

(g) *Endowment Net Assets*

USMF has over 760 individual funds which function as endowment-type funds that are established for operating and scholarship purposes. The endowment-type funds include both donor-restricted endowment-type funds and funds designated by USMF's Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including board-designated funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

USMF has established investment policies to ensure the assets of USMF's endowment are managed in a prudent fashion in accordance with sound investment principles. USMF's Board of Directors sets and approves the investment policies and charges the Investment Committee with implementation and subsequent, ongoing monitoring of the policies. USMF's investment objectives for endowments are to provide a total return that preserves the purchasing power of the endowment's assets while providing sustainable annual support to USM. The primary performance objective of the endowment is to achieve a total return, net of investment fees and within prudent levels of risk, in excess of the total spending rate.

USMF's spending policy is designed to instill confidence that the positive growth in the market value of the endowment is sufficient to offset reasonable spending over an extended period of time. The spending policy is approved by USMF's Board of Directors. The spending rate was

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

approximately 4% for the years ended June 30, 2010 and 2009. In addition, applicable endowment funds were assessed a 2% administrative fee. This fee is a portion of the funding for the development programs of USM. No portion of the original gift value of the endowed assets is allocated for spending.

During the years ended June 30, 2010 and 2009, USMF had the following endowment related activities:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	\$ 181,646	3,933,144	41,156,016	45,270,806
Contributions	113,231	59,666	1,060,001	1,232,898
Net investment income	1,107,774	2,488,052	109,133	3,704,959
Other (loss) income	(1,618)	1,885	—	267
Change in restriction by donor	(38,607)	(1,533)	150,532	110,392
Expenses	(164,345)	(710,799)	—	(875,144)
Transfers	(623,466)	72,736	256,193	(294,537)
Allocation of fund deficiencies in endowments related to investment losses	<u>1,000,584</u>	<u>(1,000,584)</u>	<u>—</u>	<u>—</u>
Endowment net assets, June 30, 2010	\$ <u>1,575,199</u>	<u>4,842,567</u>	<u>42,731,875</u>	<u>49,149,641</u>

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2008	\$ 3,432,487	11,064,573	40,300,862	54,797,922
Contributions	13,415	1,082,254	1,220,882	2,316,551
Net investment income (loss)	283,213	(8,935,895)	(350,210)	(9,002,892)
Other income (loss)	2,442	6,121	(2,906)	5,657
Change in restriction by donor	4,738	(24,050)	146,516	127,204
Expenses	(200,081)	(1,518,166)	—	(1,718,247)
Transfers	(1,089,912)	(6,349)	(159,128)	(1,255,389)
Allocation of fund deficiencies in endowments related to investment losses	<u>(2,264,656)</u>	<u>2,264,656</u>	<u>—</u>	<u>—</u>
Endowment net assets, June 30, 2009	\$ <u>181,646</u>	<u>3,933,144</u>	<u>41,156,016</u>	<u>45,270,806</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2010 and 2009

At June 30, 2010 and 2009, the endowment net asset composition by type of fund consists of the following:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment-type funds	\$ —	4,842,567	42,731,875	47,574,442
Board-designated endowment-type funds	<u>1,575,199</u>	<u>—</u>	<u>—</u>	<u>1,575,199</u>
Endowment net assets, June 30, 2010	\$ <u>1,575,199</u>	<u>4,842,567</u>	<u>42,731,875</u>	<u>49,149,641</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment-type funds	\$ —	3,933,144	41,156,016	45,089,160
Board-designated endowment-type funds	<u>181,646</u>	<u>—</u>	<u>—</u>	<u>181,646</u>
Endowment net assets, June 30, 2009	\$ <u>181,646</u>	<u>3,933,144</u>	<u>41,156,016</u>	<u>45,270,806</u>

Due to unfavorable market fluctuations, USMF has endowments that have fallen below their original contribution value. At June 30, 2010 and 2009, the fair value of certain permanently restricted investments have gone below their original contribution value by \$1,537,988 and \$2,538,573, respectively, and this deficiency has been recorded in unrestricted net assets. Future gains will be used to restore these deficiencies in unrestricted net assets before any appreciation above the historical cost value of such funds increases temporarily restricted net assets.

COMBINING SUPPLEMENTAL INFORMATION

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Assets

June 30, 2010

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	\$ 10,010,134	140,195	18,209,964	65,656,552	3,437,958	2,179,378	45,570,913	16,609,986	88,337,175	8,952,281	93,276	—	259,197,812
Short-term investments	5,057,507	1,127,726	250,000	8,014,259	1,000,000	1,155,417	66,635,048	6,370,858	94,836,883	2,357,079	—	—	186,804,777
Accounts receivable, net	11,381,847	6,064,706	18,178,641	44,776,219	1,865,957	5,878,460	41,793,725	34,681,417	102,103,236	6,668,613	1,080,439	—	274,473,260
Student notes receivable, net	318,013	370,348	230,349	2,565,264	143,475	—	4,750,956	1,718,679	1,237,583	1,373,235	—	—	12,707,902
Inventories	126,815	232,833	51,115	2,680,387	19,149	608,230	908,388	432,144	16,948,036	492,633	—	—	22,499,730
Prepaid expenses	9,711	108,658	154,720	4,788,652	160,629	195,139	687,660	5,140,390	3,861,535	55,097	—	—	15,162,191
Other current assets	—	—	—	—	—	—	—	—	591,201	—	—	—	591,201
Total current assets	26,904,027	8,044,466	37,074,789	128,481,333	6,627,168	10,016,624	160,346,690	64,953,474	307,915,649	19,898,938	1,173,715	—	771,436,873
Noncurrent assets:													
Restricted cash and cash equivalents	25,975,975	—	1,918,836	11,629,296	388,339	—	6,159,531	15,323,046	235,891,152	1,549,018	—	—	298,835,193
Restricted short-term investments	—	—	—	—	—	113,229	—	—	2,053,445	570,742	—	—	2,737,416
Endowments investments	7,352,780	9,640	12,246,629	21,297,650	3,613,879	1,218,574	61,767,741	2,764,579	42,918,936	18,321,977	—	—	171,512,385
Other long-term investments	—	6,716,515	—	70,725,345	5,706,210	5,047,966	75,910,325	32,745,373	26,259,104	23,430,988	520,878	—	247,062,704
Student notes receivable, net	—	1,380,541	1,714,183	15,606,103	1,184,333	—	18,634,963	29,609,113	16,139,499	26,431,615	—	—	110,700,350
Capital assets, net	131,631,469	91,331,390	240,395,648	638,793,568	79,354,302	64,021,327	596,690,195	438,601,697	413,921,971	4,962,044	9,818	—	2,699,713,429
Other noncurrent assets	491,471	—	5,239,126	—	—	140,900	1,290,720	—	1,370,707	—	—	—	8,532,924
Total noncurrent assets	165,451,695	99,438,086	261,514,422	758,051,962	90,247,063	70,541,996	760,453,475	519,043,808	738,554,814	75,266,384	530,696	—	3,539,094,401
Total assets	\$ 192,355,722	107,482,552	298,589,211	886,533,295	96,874,231	80,558,620	920,800,165	583,997,282	1,046,470,463	95,165,322	1,704,411	—	4,310,531,274

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Assets

June 30, 2010

Liabilities	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 liabilities:													
Accounts payable and accrued liabilities	\$ 8,397,205	3,811,602	12,648,905	31,385,822	1,938,717	2,655,421	24,816,400	15,451,188	64,879,267	2,525,014	507,617	—	169,017,158
Deferred revenues	1,493,081	1,843,709	5,523,688	21,512,391	1,005,827	194,530	18,217,251	9,295,032	2,781,327	—	—	—	61,866,836
Accrued leave liabilities – current portion	924,089	199,511	410,518	1,737,092	39,846	215,204	996,000	1,100,000	2,349,333	52,819	10,368	—	8,034,780
Long-term liabilities – current portion	65,000	458,426	100,022	5,883,893	154,806	165,000	6,625,545	2,804,705	15,960,768	13,372,516	—	—	45,590,681
Other current liabilities	—	—	—	136,245	249,290	48,929	427,485	7,068	28,946,991	—	—	—	29,816,008
Total current liabilities	10,879,375	6,313,248	18,683,133	60,655,443	3,388,486	3,279,084	51,082,681	28,657,993	114,917,686	15,950,349	517,985	—	314,325,463
Noncurrent liabilities:													
Deposits refundable	767,551	76,408	31,253	82,000	—	150,471	99,235	29,897	—	—	—	—	1,236,815
Accrued leave liabilities	3,003,110	1,698,138	5,291,123	18,542,102	956,297	1,557,616	11,134,119	8,903,949	36,542,231	624,827	60,731	—	88,314,243
Long-term liabilities	46,742,693	4,981,283	92,708,830	156,789,131	101,253	18,500,000	126,481,541	139,540,716	181,719,407	—	—	—	767,564,854
Other long-term liabilities	—	1,802,516	1,652,852	15,097,490	1,346,073	—	9,141,800	27,900,905	26,503,477	17,568,484	—	—	101,013,597
Total noncurrent liabilities	50,513,354	8,558,345	99,684,058	190,510,723	2,403,623	20,208,087	146,856,695	176,375,467	244,765,115	18,193,311	60,731	—	958,129,509
Total liabilities	61,392,729	14,871,593	118,367,191	251,166,166	5,792,109	23,487,171	197,939,376	205,033,460	359,682,801	34,143,660	578,716	—	1,272,454,972
Net Assets													
Invested in capital assets, net of related debt	104,904,290	85,910,784	149,016,293	484,078,786	79,098,243	45,497,226	466,448,752	310,027,500	268,850,373	4,956,793	9,818	—	1,998,798,858
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	5,847,723	2,072,283	1,243,912	1,227,442	4,247,448	—	—	996,264	—	—	15,635,072
Research	—	—	—	4,003,684	—	—	87,725	—	—	—	—	—	4,091,409
Other purposes	4,485,130	—	—	7,288,903	1,637,769	—	42,901,574	569,090	18,939,711	19,027,714	—	—	94,849,891
Expendable:													
Scholarships and fellowships	—	—	6,398,906	1,995,229	—	1,149,981	4,472,670	332,300	2,883,728	32,536,795	—	—	49,769,609
Research	—	—	—	12,136,108	—	—	7,470,076	190,926	33,945,503	—	—	—	53,742,613
Capital projects	—	4,438,919	12,228,103	—	1,880,097	83,366	15,651,718	—	89,093	—	—	—	34,371,296
Debt service	—	285,350	698,752	1,249,411	711,720	—	138,256	3,350,595	1,367,385	9,010	—	—	7,810,479
Loans	1,547,768	401,069	291,680	3,934,585	264,111	—	15,494,969	5,275,559	12,199,098	—	—	—	39,408,839
Other purposes	534,369	(58,215)	—	1,255,835	—	640,154	7,056,450	3,583,641	36,277,362	—	1,139,916	—	50,429,512
Unrestricted	19,491,436	1,633,052	5,740,563	117,352,305	6,246,270	8,473,280	158,891,151	55,634,211	312,235,409	3,495,086	(24,039)	—	689,168,724
Total net assets	130,962,993	92,610,959	180,222,020	635,367,129	91,082,122	57,071,449	722,860,789	378,963,822	686,787,662	61,021,662	1,125,695	—	3,038,076,302
Total liabilities and net assets	\$ 192,355,722	107,482,552	298,589,211	886,533,295	96,874,231	80,558,620	920,800,165	583,997,282	1,046,470,463	95,165,322	1,704,411	—	4,310,531,274

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2010

	<u>Alcorn State University</u>	<u>Delta State University</u>	<u>Jackson State University</u>	<u>Mississippi State University</u>	<u>Mississippi University for Women</u>	<u>Mississippi Valley State University</u>	<u>University of Mississippi</u>	<u>University of Southern Mississippi</u>	<u>University of Mississippi Medical Center</u>	<u>IHL Board Office</u>	<u>MCVS</u>	<u>Elimination entries</u>	<u>Total</u>
Operating revenues:													
Tuition and fees	\$ 18,510,367	20,023,970	49,661,987	126,710,829	12,864,735	16,331,877	144,393,365	103,178,193	14,516,423	—	—	—	506,191,746
Less:													
Scholarship allowances	(7,722,440)	(3,840,440)	(18,382,666)	(32,193,044)	(4,379,082)	(8,610,116)	(31,318,221)	(24,967,711)	(2,169,564)	—	—	—	(133,583,284)
Bad debt expense	(223,456)	(318,090)	(1,457,739)	(443,940)	(163,569)	(283,654)	(455,791)	(550,000)	—	—	—	—	(3,896,239)
Net tuition and fees	10,564,471	15,865,440	29,821,582	94,073,845	8,322,084	7,438,107	112,619,353	77,660,482	12,346,859	—	—	—	368,712,223
Federal appropriations	—	—	—	13,440,511	—	—	—	—	—	—	—	—	13,440,511
Federal grants and contracts	15,258,865	5,781,852	47,053,162	143,929,609	963,479	9,994,314	62,126,146	55,289,668	43,669,415	9,606,578	13,651,350	(24,551,410)	382,773,028
State grants and contracts	632,442	776,919	3,228,101	19,567,480	6,482,132	105,611	8,251,312	9,231,901	11,135,669	40,419	—	(15,659,843)	43,792,143
Nongovernmental grants and contracts	509,884	3,723,508	1,665,744	12,043,882	1,874,799	—	24,521,346	3,879,506	15,055,375	1,495,550	43,609	—	64,813,203
Sales and services of educational departments	382,291	1,132,186	1,713,089	31,564,881	1,148,507	1,894,440	8,982,579	1,895,297	981,596	3,985,959	119,994	(1,529,658)	52,271,161
Auxiliary enterprises:													
Student housing	4,138,930	3,149,637	9,107,224	17,593,644	1,779,861	2,706,492	14,901,710	13,576,058	—	—	—	—	66,953,556
Food services	3,351,350	2,446,599	6,058,520	1,375,040	1,253,729	2,302,232	1,746,042	1,636,307	—	—	—	—	20,169,819
Bookstore	75,435	116,977	—	818,915	106,966	2,167,494	650,557	1,215,050	1,572,124	—	—	—	6,723,518
Athletics	—	—	—	33,829,810	—	—	35,807,113	8,592,946	—	—	—	—	78,229,869
Other auxiliary revenues	1,437,903	1,574,203	1,336,286	10,862,853	271,767	1,822,307	5,362,156	3,605,156	1,948,894	2,009,960	—	—	30,231,485
Less auxiliary enterprise scholarship allowances	(2,052,801)	(834,740)	(5,805,052)	(7,066,766)	(1,009,584)	—	(2,984,321)	(3,039,390)	—	—	—	—	(22,792,654)
Interest earned on loans to students	—	51,900	—	248,224	25,100	—	427,607	—	89,878	—	—	—	842,709
Patient care revenues	—	—	—	—	—	—	—	—	673,216,880	—	—	—	673,216,880
Other operating revenues	486,536	940,850	2,273,405	1,960,645	—	1,313,483	6,564,475	5,040,452	21,288,963	11,000,865	4,272	(9,918,651)	40,955,295
Total operating revenues	34,785,306	34,725,331	96,452,061	374,242,573	21,218,840	29,744,480	278,976,075	178,583,433	781,305,653	28,139,331	13,819,225	(51,659,562)	1,820,332,746
Operating expenses:													
Salaries and wages	33,140,885	27,583,435	78,649,546	281,126,533	17,850,011	24,708,105	162,821,374	141,016,281	433,645,414	9,965,202	739,457	—	1,211,246,243
Fringe benefits	10,132,313	7,725,088	20,216,029	81,893,516	4,996,836	7,635,857	40,209,245	45,335,124	113,259,805	2,560,999	201,139	—	334,165,951
Travel	2,137,342	1,184,437	3,216,963	13,278,944	394,807	1,880,514	9,934,016	6,642,778	2,462,332	384,662	117,105	—	41,633,900
Contractual services	15,196,018	10,800,736	29,636,120	88,147,942	6,616,098	9,230,751	55,941,920	52,705,469	166,671,960	22,257,368	12,591,651	(35,514,467)	434,281,566
Utilities	4,107,709	2,022,101	3,905,903	14,000,855	2,171,266	2,541,845	9,633,883	10,735,726	11,882,703	786,116	—	—	61,788,107
Scholarships and fellowships	8,713,626	6,911,295	20,990,337	31,505,406	6,110,279	7,443,686	41,157,053	23,856,441	5,425,393	28,840,413	—	(16,145,095)	164,808,834
Commodities	4,476,841	3,509,712	6,977,719	44,457,554	1,759,520	7,737,755	22,501,952	16,711,322	166,145,566	947,683	172,484	—	275,398,108
Depreciation	2,863,511	3,128,346	7,347,070	29,879,429	2,215,885	2,515,239	22,219,689	14,246,056	31,278,756	270,246	7,571	—	115,971,798
Other operating expenses	69,954	61,118	1,293,732	—	—	855	593,059	—	1,884,062	1,972,514	8,295	—	5,883,589
Total operating expenses	80,838,199	62,926,268	172,233,419	584,290,179	42,114,702	63,694,607	365,012,191	311,249,197	932,655,991	67,985,203	13,837,702	(51,659,562)	2,645,178,096
Operating loss	\$ (46,052,893)	(28,200,937)	(75,781,358)	(210,047,606)	(20,895,862)	(33,950,127)	(86,036,116)	(132,665,764)	(151,350,338)	(39,845,872)	(18,477)	—	(824,845,350)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2010

	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
Nonoperating revenue (expenses):													
State appropriations	\$ 26,593,245	20,137,281	47,793,719	159,293,347	13,321,161	17,275,911	77,308,559	80,156,504	180,732,166	39,738,033	467,299	—	662,817,225
State Fiscal Stabilization Funds	1,495,827	1,691,631	2,985,681	8,925,055	1,155,947	1,163,781	6,036,033	6,622,639	5,394,621	—	—	—	35,471,215
State Medicaid Funds	—	—	—	—	—	—	—	—	14,243,449	—	—	—	14,243,449
Gifts and grants	12,006,063	7,270,829	29,013,092	42,839,689	6,121,108	12,142,547	24,609,016	31,641,837	7,010,408	—	—	—	172,654,589
Investment income, net of investment expense	260,180	162,814	1,697,126	5,686,083	229,054	127,325	11,300,928	1,302,358	8,888,746	1,842,188	111,579	—	31,608,381
Interest expense on capital assets-related debt	—	(298,889)	(5,271,492)	(6,694,571)	(17,110)	(813,330)	(4,439,644)	(3,671,917)	(8,129,283)	—	—	—	(29,336,236)
Other nonoperating revenues	—	161,820	—	241,801	71,832	—	—	17,088	—	—	—	—	492,541
Other nonoperating expenses	—	(2,688,614)	(25,905)	(424,093)	(513,196)	—	77,500	—	(2,739,549)	(642,587)	(8,889)	—	(6,965,333)
Total net nonoperating revenues (expenses)	40,355,315	26,436,872	76,192,221	209,867,311	20,368,796	29,896,234	114,892,392	116,068,509	205,400,558	40,937,634	569,989	—	880,985,831
Income (loss) before other revenues, expenses, gains and losses	(5,697,578)	(1,764,065)	410,863	(180,295)	(527,066)	(4,053,893)	28,856,276	(16,597,255)	54,050,220	1,091,762	551,512	—	56,140,481
Capital grants and gifts	—	—	—	11,259,638	—	—	27,206,330	15,756,869	2,156,687	—	—	—	56,379,524
State appropriations restricted for capital purposes	1,732,585	6,961,112	7,774,730	13,883,081	1,992,332	4,479,122	6,920,364	4,366,296	418,757	20,159	—	—	48,548,538
Additions to permanent endowments	1,415,000	—	—	—	94,327	16,130	106,593	—	452,376	—	—	—	2,084,426
Other additions	1,031,301	13,816	—	—	—	—	570,575	471,612	—	—	—	—	2,087,304
Other deletions	(814,903)	(56,554)	—	(880,905)	(408)	—	(80,213)	(1,521,766)	—	—	—	—	(3,354,749)
Changes in net assets	(2,333,595)	5,154,309	8,185,593	24,081,519	1,559,185	441,359	63,579,925	2,475,756	57,078,040	1,111,921	551,512	—	161,885,524
Net assets – beginning of year	133,296,588	87,456,650	172,036,427	611,285,610	89,522,937	56,630,090	659,280,864	376,488,066	629,709,622	59,909,741	574,183	—	2,876,190,778
Net assets – end of year	\$ 130,962,993	92,610,959	180,222,020	635,367,129	91,082,122	57,071,449	722,860,789	378,963,822	686,787,662	61,021,662	1,125,695	—	3,038,076,302

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2010

	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	\$ 10,404,965	16,007,603	32,154,725	93,219,365	8,591,492	7,155,765	114,574,777	76,542,796	12,278,673	—	—	—	370,930,161
Grants and contracts	12,984,928	8,243,166	55,248,053	190,930,603	10,377,532	9,225,832	97,222,911	70,120,366	70,624,073	11,142,547	13,694,960	(40,211,253)	509,603,718
Sales and services of educational departments	304,017	1,132,186	1,635,994	31,388,598	1,149,400	1,894,440	9,024,100	1,895,297	1,363,051	3,985,959	119,994	(1,529,658)	52,363,378
Payments to suppliers	(19,747,940)	(12,636,467)	(38,913,553)	(146,449,817)	(9,052,148)	(18,775,302)	(76,883,648)	(81,703,308)	(331,380,274)	(23,589,713)	(12,880,545)	35,514,467	(736,498,248)
Payments to employees for salaries and benefits	(43,032,258)	(35,884,559)	(96,770,800)	(357,281,920)	(22,838,429)	(32,381,418)	(204,084,240)	(187,756,261)	(541,596,893)	(12,477,976)	(940,595)	—	(1,535,045,349)
Payments for utilities	(4,107,709)	(2,022,101)	(3,905,903)	(14,000,855)	(2,162,971)	(2,541,845)	(9,516,002)	(10,666,375)	(11,933,757)	(786,116)	—	—	(61,643,634)
Payment for scholarships and fellowships	(8,713,626)	(6,911,295)	(26,795,389)	(31,505,406)	(6,110,278)	(7,443,686)	(41,235,381)	(24,144,267)	(5,425,393)	(22,160,203)	—	16,145,095	(164,299,829)
Loans issued to students and employees	—	(307,256)	—	(3,731,240)	—	—	(2,794,796)	(5,618,411)	(4,421,044)	(5,924,351)	—	—	(22,797,098)
Collections of loans to students and employees	—	213,591	—	3,776,940	—	(13,198)	2,002,343	3,349,609	1,097,956	1,118,379	—	—	11,545,620
Auxiliary enterprise charges:													
Student housing	3,885,704	3,115,023	8,504,099	17,491,140	1,220,710	2,706,492	11,517,092	10,762,032	—	—	—	—	59,202,292
Food services	3,351,350	2,422,736	7,521,188	1,375,869	777,969	2,302,232	1,850,825	1,788,337	—	—	—	—	21,390,506
Bookstore	75,435	116,977	—	818,915	102,060	2,167,494	643,761	1,358,919	1,566,841	—	—	—	6,850,402
Athletics	—	—	—	31,134,095	—	—	36,272,368	8,586,873	—	—	—	—	75,993,336
Other auxiliary enterprises	1,437,903	739,463	1,150,025	7,857,503	266,715	1,822,307	5,587,660	3,627,583	1,960,592	2,009,960	—	—	26,459,711
Patient care services	—	—	—	—	—	—	—	—	679,371,431	—	—	—	679,371,431
Interest earned on loans to students	—	—	4,572	248,224	—	—	427,607	—	89,878	371,576	—	—	1,141,857
Other receipts	3,698,411	928,075	—	14,837,029	25,100	1,824,631	6,546,805	5,682,994	22,752,129	10,629,289	4,272	(9,918,651)	57,010,084
Other payments	—	(495,967)	(1,114,883)	(1,723)	—	—	(10,059,443)	—	(1,939,256)	(3,224,283)	(950,151)	—	(17,785,706)
Net cash provided (used) by operating activities	(39,458,820)	(25,338,825)	(61,281,872)	(159,892,680)	(17,652,848)	(32,056,256)	(58,903,261)	(126,173,816)	(105,591,993)	(38,904,932)	(952,065)	—	(666,207,368)
Noncapital financing activities:													
State appropriations	27,188,516	21,940,989	50,390,721	156,331,354	14,984,688	19,044,812	84,548,687	94,012,217	200,377,245	39,738,033	467,299	—	709,024,561
Gifts and grants for other than capital purposes	—	—	29,013,092	46,481,423	6,774,569	12,142,547	30,340,057	31,036,116	7,010,408	—	—	—	162,798,212
Private gifts for endowment purposes	1,415,000	—	—	—	58,329	16,130	106,593	—	452,376	—	—	—	2,048,428
Federal loan program receipts	26,506,690	17,113,137	78,260,870	88,887,396	12,314,909	24,672,782	82,363,840	95,086,577	21,290,698	—	—	—	446,496,899
Federal loan program disbursements	(26,506,690)	(17,113,137)	(78,260,870)	(89,541,375)	(12,314,909)	(24,672,782)	(82,363,840)	(95,201,480)	(23,236,206)	—	—	—	(449,211,289)
Other sources	—	4,684,219	3,191,492	12,046,171	316,619	—	205,171	3,214	2,494,656	—	—	—	22,941,542
Other uses	—	—	—	(432,221)	(598,805)	—	(271,728)	—	(5,022,971)	(10,515)	—	—	(6,336,240)
Net cash provided (used) by noncapital financing activities	\$ 28,603,516	26,625,208	82,595,305	213,772,748	21,535,400	31,203,489	114,928,780	124,936,644	203,366,206	39,727,518	467,299	—	887,762,113

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2010

	<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>
Capital and related financing activities:													
Proceeds from capital debt	\$ 46,741,500	—	33,279,679	—	—	—	14,826,732	15,520,000	159,794,955	—	—	—	270,162,866
Cash paid for capital assets	(22,731,020)	(4,778,203)	(5,462,359)	(39,285,927)	(407,740)	(2,373,587)	(81,237,350)	(66,288,170)	(48,355,359)	(12,989)	—	—	(270,932,704)
Capital appropriations received	—	—	—	—	(48,314)	—	(46,457)	—	—	—	—	—	(94,771)
Capital grants and contracts received	12,006,063	—	—	3,008,907	—	—	17,730,791	16,708,282	2,030,644	—	—	—	51,484,687
Proceeds from sales of capital assets	—	—	—	199,035	—	—	—	15,970	498,621	—	—	—	713,626
Principal paid on capital debt and leases	(60,000)	(290,001)	(36,633,298)	(22,602,675)	(215,895)	(135,000)	(11,484,971)	(2,598,367)	(116,999,142)	—	—	—	(191,019,349)
Interest paid on capital debt and leases	(9,954)	(298,889)	(5,271,492)	(6,574,898)	(17,110)	(813,330)	(5,351,690)	(3,308,320)	(13,734,871)	—	—	—	(35,380,554)
Other sources	15,802	1,577,174	347,945	19,709,655	—	5,218	1,130,956	471,612	—	98,543	—	—	23,356,905
Other uses	(491,471)	(347,572)	—	(161,013)	(148,520)	—	(364,678)	(1,549,414)	—	—	—	—	(3,062,668)
Net cash provided (used) by capital and related financing activities	<u>35,470,920</u>	<u>(4,137,491)</u>	<u>(13,739,525)</u>	<u>(45,706,916)</u>	<u>(837,579)</u>	<u>(3,316,699)</u>	<u>(64,796,667)</u>	<u>(41,028,407)</u>	<u>(16,765,152)</u>	<u>85,554</u>	<u>—</u>	<u>—</u>	<u>(154,771,962)</u>
Investing activities:													
Proceeds from sales and maturities of investments	1,415,000	28,459,779	939,773	28,272,420	13,991,347	4,715,198	93,572,282	41,350,414	91,613,496	50,690,100	460,122	—	355,479,931
Interest received on investments	199,579	136,695	1,697,126	3,434,111	2,006,351	127,325	5,438,088	1,171,873	4,202,992	1,919,390	26,752	—	20,360,282
Purchases of investments	(1,614,781)	(25,874,183)	(1,246,124)	(35,293,980)	(17,380,033)	(687,194)	(93,691,852)	(38,684,724)	(139,905,217)	(52,940,777)	(486,875)	—	(407,805,740)
Net cash provided (used) by investing activities	<u>(202)</u>	<u>2,722,291</u>	<u>1,390,775</u>	<u>(3,587,449)</u>	<u>(1,382,335)</u>	<u>4,155,329</u>	<u>5,318,518</u>	<u>3,837,563</u>	<u>(44,088,729)</u>	<u>(331,287)</u>	<u>(1)</u>	<u>—</u>	<u>(31,965,527)</u>
Net increase (decrease) in cash and cash equivalents	<u>24,615,414</u>	<u>(128,817)</u>	<u>8,964,683</u>	<u>4,585,703</u>	<u>1,662,638</u>	<u>(14,137)</u>	<u>(3,452,630)</u>	<u>(38,428,016)</u>	<u>36,920,332</u>	<u>576,853</u>	<u>(484,767)</u>	<u>—</u>	<u>34,817,256</u>
Cash and cash equivalents – beginning of year	<u>11,370,695</u>	<u>269,012</u>	<u>11,164,117</u>	<u>72,700,145</u>	<u>2,163,659</u>	<u>2,193,515</u>	<u>55,183,074</u>	<u>70,361,048</u>	<u>287,307,995</u>	<u>9,924,446</u>	<u>578,043</u>	<u>—</u>	<u>523,215,749</u>
Cash and cash equivalents – end of year	<u>\$ 35,986,109</u>	<u>140,195</u>	<u>20,128,800</u>	<u>77,285,848</u>	<u>3,826,297</u>	<u>2,179,378</u>	<u>51,730,444</u>	<u>31,933,032</u>	<u>324,228,327</u>	<u>10,501,299</u>	<u>93,276</u>	<u>—</u>	<u>558,033,005</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2010

	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 (used) by operating activities													
Operating income (loss)	\$ (46,052,893)	(28,200,937)	(75,781,358)	(210,047,606)	(20,895,862)	(33,950,127)	(86,036,116)	(132,665,764)	(151,350,338)	(39,845,872)	(18,477)	—	(824,845,350)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:													
Depreciation expenses	2,863,511	3,128,346	7,347,070	29,879,429	2,215,885	2,515,239	22,219,689	14,246,056	31,278,756	270,246	7,571	—	115,971,798
Self-insurance claims expense	—	—	—	—	—	—	—	—	9,454,000	9,474,170	—	—	18,928,170
Bad debt expenses	223,456	—	—	—	—	—	—	—	258,639,361	693,348	—	—	259,556,165
Other	770,932	327,421	2,576,502	—	163,569	854	522,991	550,000	—	6,653,228	71,685	—	11,637,182
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	622,087	(861,069)	959,956	3,672,215	911,291	(608,458)	1,855,200	1,312,425	(260,415,062)	(7,371,471)	(495,408)	—	(260,418,294)
Inventories	9,231	36,185	8,590	256,068	(4,906)	87,916	98,617	137,072	(1,061,544)	46,940	—	—	(385,831)
Prepaid expenses	—	(13,377)	(154,720)	(1,471,994)	11,116	(131,892)	(540,396)	(1,583,701)	(547,687)	12,092	—	—	(4,420,559)
Other assets	—	—	2,090	476,026	—	—	(1,225,193)	—	10,309,327	—	—	—	9,562,250
(Increase) decrease in liabilities:													
Accounts payable and accrued liabilities	692,096	675,017	2,968,322	4,970,000	(120,598)	268,657	2,100,127	(5,449,642)	3,848,289	443,782	(521,954)	—	9,874,096
Deferred revenue	1,046,870	(450,043)	(556,717)	11,302,465	93,950	(36,829)	2,676,880	(90,735)	1,323,311	—	—	—	15,309,152
Deposits refundable	124,950	(3,524)	4,605	—	—	(43,417)	—	(14,727)	—	—	—	—	67,887
Accrued leave liability	240,940	29,888	1,317,883	1,066,454	(27,293)	(124,459)	217,393	96,346	3,730,604	(48,225)	4,518	—	6,504,049
Loans to students and employees	—	(6,732)	25,905	—	—	(13,198)	(792,453)	(2,711,146)	(1,956,902)	—	—	—	(5,454,526)
Other liabilities	—	—	—	4,263	—	(20,542)	—	—	(8,844,108)	(9,233,170)	—	—	(18,093,557)
Total adjustments	<u>6,594,073</u>	<u>2,862,112</u>	<u>14,499,486</u>	<u>50,154,926</u>	<u>3,243,014</u>	<u>1,893,871</u>	<u>27,132,855</u>	<u>6,491,948</u>	<u>45,758,345</u>	<u>940,940</u>	<u>(933,588)</u>	<u>—</u>	<u>158,637,982</u>
Net cash provided (used) by operating activities	\$ <u>(39,458,820)</u>	<u>(25,338,825)</u>	<u>(61,281,872)</u>	<u>(159,892,680)</u>	<u>(17,652,848)</u>	<u>(32,056,256)</u>	<u>(58,903,261)</u>	<u>(126,173,816)</u>	<u>(105,591,993)</u>	<u>(38,904,932)</u>	<u>(952,065)</u>	<u>—</u>	<u>(666,207,368)</u>
Non-cash capital related financing and investing activities:													
Assets acquired through capital lease obligations	\$ —	—	—	—	—	—	—	222,324	—	—	—	—	222,324
Capital assets appropriated by the State of Mississippi	1,731,955	—	7,774,730	—	—	4,479,122	6,920,364	4,366,296	—	—	—	—	25,272,467
Donations of capital assets	—	—	—	8,256,527	—	—	150,302	149,173	126,043	—	—	—	8,682,045

See accompanying independent auditors' report.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REPORT ON INTERNAL CONTROL AND COMPLIANCE

(THIS PAGE LEFT BLANK INTENTIONALLY)



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

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

Board of Trustees
The State Institutions of Higher Learning:

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2010 which collectively comprise the IHL System's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 6, 2010. We conducted our audit of the business-type activities of the IHL System in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

As described in our report on the IHL System's financial statements, the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, a component unit of the University of Mississippi Medical Center; the University of Mississippi Educational Building Corporation, a component unit of the University of Mississippi; the University of Mississippi Medical Center Tort Claims Fund; the State Institutions of Higher Learning Self-Insured Workers' Compensation Program; 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 audit, we considered the IHL System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control over financial reporting.



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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following to be a significant deficiency in internal control over financial reporting.

Finding 2010-01, Alcorn State University, Inclusion of Blended Component Unit:

During the course of the audit of Alcorn State University for the year ended June 30, 2010, a misstatement was identified in the amount of approximately \$52 million in unreported assets and corresponding liabilities and net assets of Alcorn's Educational Building Corporation (EBC). Each of the eight state-run universities and the University of Mississippi Medical Center have established their own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi). The purpose of these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. During August 2009, Alcorn's EBC issued \$47 million in bond debt related to a student housing construction project. EBC activity prior to fiscal year 2010 was nominal.

ASU management's original stance was that its EBC represented a separate not-for-profit entity whose accounts were to be tracked separately and not included in the financial statement totals of the University. However, ASU management later concurred with KPMG that since Alcorn State University controls its EBC, it represents a blended component unit of the University as defined by Governmental Accounting Standards and its activity and account balances should be reported in the totals for Alcorn State reported to the IHL for inclusion in the system-wide financial statements. Management engaged a local accounting firm to compile fiscal year 2010 financial statements based upon the EBC's activity for the fiscal year. The results of the compilation were added into Alcorn State University's fiscal year 2010 financial statements and were communicated to the IHL for inclusion in the system-wide financial statements.

Due to the nature of the error, KPMG does not believe that there is material exposure to a misstatement related to the EBC in excess of that identified and recorded through the current year audit adjustment. However, KPMG does believe that the oversight of management in the current audit year does represent a control deficiency that adversely affected Alcorn's ability to report financial data in accordance with generally accepted accounting principles such that there was a misstatement of Alcorn's financial statements that was more than inconsequential and was not prevented or detected by the University's internal controls. Accordingly, KPMG concludes that this error represents a significant deficiency of the University.



Compliance and Other Matters

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

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

KPMG LLP

Jackson, Mississippi
December 6, 2010

(THIS PAGE LEFT BLANK INTENTIONALLY)

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

(THIS PAGE LEFT BLANK INTENTIONALLY)



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

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

Board of Trustees
State of Mississippi Institutions of Higher Learning:

Compliance

We have audited the State of Mississippi Institutions of Higher Learning (the IHL System)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (Compliance Supplement) that could have a direct and material effect on each of the IHL System's major federal programs for the year ended June 30, 2010, except the requirements discussed in the second paragraph of this report. The IHL System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the IHL System's management. Our responsibility is to express an opinion on the IHL System's compliance based on our audit.

We did not audit the IHL System's compliance with the requirements governing due diligence and loan collections in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement. Those requirements govern functions performed by Affiliated Computer Services (ACS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ACS's compliance with the requirements governing the functions that it performs for the IHL System for the year ended June 30, 2010 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of ACS's compliance with such requirements.

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



In our opinion, the IHL System complied, in all material respects, with the compliance requirements referred to in the first paragraph above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the IHL System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the IHL System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control over compliance.

Requirements governing due diligence and loan collections in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by ACS. Internal control over compliance related to such functions for the year ended June 30, 2010 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of ACS's internal control over compliance related to such functions.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-02. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the IHL System, a component unit of the State of Mississippi, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 6, 2010. Our report on the basic financial statements was modified to include reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



The IHL System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the IHL System's response and, accordingly, we express no opinion on the responses.

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

KPMG LLP

Jackson, Mississippi
March 29, 2011, except as to the paragraph
relating to the Schedule of Expenditures
of Federal Awards, which is as of
December 6, 2010

(THIS PAGE LEFT BLANK INTENTIONALLY)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Lawrence Tech Inst - US Dept of Interior	15.000		37,243	—	—	—	37,243	—	—	—	—	—	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S-09-USM-F-131-08	85,475	—	—	—	—	—	—	—	—	85,475	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S-08-USM-F-132-09	50,159	—	—	—	—	—	—	—	—	50,159	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S-08-F95-USM-19	37,321	—	—	—	—	—	—	—	—	37,321	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S-10-USM-GCRL-F131-9	58,395	—	—	—	—	—	—	—	—	58,395	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S10-USM-GCRL-F132-10	2,341	—	—	—	—	—	—	—	—	2,341	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.000	S-10-F95-USM-20	22,442	—	—	—	—	—	—	—	—	22,442	—	—
MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	15.000		698	—	—	—	—	—	—	—	—	698	—	—
MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	15.000		1,815	—	—	—	—	—	—	—	—	1,815	—	—
MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	15.000		2,204	—	—	—	—	—	—	—	—	2,204	—	—
Total CFDA	15.000		676,549	—	—	—	415,699	—	—	—	—	260,850	—	—
MDMR - Coastal Impact Assistance Program (CIAP)	15.426	MS.R.728	15,331	—	—	—	15,331	—	—	—	—	—	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.426	M09AF16100AMS.R.745	78,906	—	—	—	—	—	—	—	—	78,906	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.426	CIAP MS.R.744	3,933	—	—	—	—	—	—	—	—	3,933	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.426	CIAP MS.R.742	118	—	—	—	—	—	—	—	—	118	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.426	CIAP MS.R.746	17,890	—	—	—	—	—	—	—	—	17,890	—	—
Total CFDA	15.426		116,178	—	—	—	15,331	—	—	—	—	100,847	—	—
Texas PWD - Sport Fish Restoration Program	15.605	216475	11,771	—	—	—	11,771	—	—	—	—	—	—	—
MDWFP - Sport Fish Restoration	15.605	PD4644885612	75,783	—	—	—	75,783	—	—	—	—	—	—	—
MDWFP - Sport Fish Restoration	15.605	07090870	98,832	—	—	—	98,832	—	—	—	—	—	—	—
Mdwfp-US Fish 9514	15.605	9514	41,550	—	—	—	—	—	—	41,550	—	—	—	—
Total CFDA	15.605		227,936	—	—	—	186,386	—	—	41,550	—	—	—	—
AL Dept of Conservation -US Dept of Interior	15.608	8040328	7,478	—	—	—	7,478	—	—	—	—	—	—	—
Puerto Rico -US Dept of Interior	15.611	DNER 133-08-01211	92,187	—	—	—	92,187	—	—	—	—	—	—	—
KY Dept. of FWIR - Wildlife Restoration	15.611	08100897	60,794	—	—	—	60,794	—	—	—	—	—	—	—
MDWFP - US Dept of Interior	15.611	W-48-56 #39	38,819	—	—	—	38,819	—	—	—	—	—	—	—
MI DNR - Wildlife Restoration	15.611	751B9200072	203,726	—	—	—	203,726	—	—	—	—	—	—	—
MDWFP - Wildlife Restoration	15.611	W-48-50 58	(2,890)	—	—	—	(2,890)	—	—	—	—	—	—	—
MDWFP - US Dept of Interior	15.611	Study #65	101,017	—	—	—	101,017	—	—	—	—	—	—	—
Total CFDA	15.611		493,653	—	—	—	493,653	—	—	—	—	—	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.614	08-USM-MGCHP-01	477	—	—	—	—	—	—	—	—	477	—	—
Arkansas Game & Fish Comm. - Cooperative Endangered Species Conservation Fund	15.615	08030256	39,411	—	—	—	39,411	—	—	—	—	—	—	—
Mississippi Museum of Natural Science - U.S. Department of the Interior	15.634	USFWS Post Katrin07	833	—	—	—	—	—	—	—	—	833	—	—
MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	15.634	FUNDLUS-SWG FY07	40,101	—	—	—	—	—	—	—	—	40,101	—	—
MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	15.634	Section 6-Segment 24	29,874	—	—	—	—	—	—	—	—	29,874	—	—
MS Wfp - US Fish	15.634	T-12-1 (R)	22,173	—	—	—	—	—	—	22,173	—	—	—	—
Total CFDA	15.634		92,981	—	—	—	—	—	—	22,173	—	70,808	—	—
Noxubee Wildlife Refuge - Challenge Cost Share (B)	15.642	401818G550	3,511	—	—	—	3,511	—	—	—	—	—	—	—
MSU USgs 06Hgr	15.805	06HG080094	2,584	—	—	—	—	—	—	2,584	—	—	—	—
MSU USgs 06Hgr09	15.805	080600-331522-01	25,758	—	—	—	—	—	—	25,758	—	—	—	—
Total CFDA	15.805		28,342	—	—	—	—	—	—	28,342	—	—	—	—
Losp NPS Ga-2255-08	15.926	GA-2255-08-032	7,189	—	—	—	—	—	—	7,189	—	—	—	—
Subtotal Pass through Programs			1,693,705	—	—	—	1,161,469	—	—	99,254	—	432,982	—	—
Total U.S. Department of Interior			3,805,238	5,710	—	—	2,495,184	—	—	836,530	—	467,814	—	—
U.S. Department of Justice:														
Enhancing Law Enforcement Response	16.000		36,522	—	—	36,522	—	—	—	—	—	—	—	—
State Justice Statistics Program for Statistical Analysis Centers	16.550		51,727	—	—	—	—	—	—	—	—	51,727	—	—
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		1,205,255	—	—	—	1,205,255	—	—	—	—	—	—	—
The Southern Region Water	16.580	(868)	(868)	(868)	—	—	—	—	—	—	—	—	—	—
Public Safety Partnership and Community Policing Grants	16.710		466,781	—	—	466,781	—	—	—	—	—	—	—	—
Congressionally Recommended Awards	16.753		768,302	—	—	—	689,279	—	—	—	—	79,023	—	—
Subtotal Direct Programs			2,527,719	(868)	—	503,303	1,894,534	—	—	—	—	130,750	—	—
Pass through Program From:														
Lawrence Tech Inst - US Dept of Justice	16.000		11,787	—	—	—	11,787	—	—	—	—	—	—	—
Yazoo City Federal Correctional Institution-Yazoo city Partners Ed Project	16.000	Contact	134,469	—	134,469	—	—	—	—	—	—	—	—	—
Total CFDA	16.000		146,256	—	134,469	—	11,787	—	—	—	—	—	—	—
Univ of Tenn - Justice Research Development and Evaluation Project	16.560	OR12643-001.01	12,759	—	—	—	12,759	—	—	—	—	—	—	—
Mississippi Department of Public Safety - 2009 MS Stop Violence Against Women	16.588	065V4002	270	—	—	270	—	—	—	—	—	—	—	—
Subtotal Pass through Programs			159,285	—	134,469	270	24,546	—	—	—	—	—	—	—
Total U.S. Department of Justice			2,687,004	(868)	134,469	503,573	1,919,080	—	—	—	—	130,750	—	—
U.S. Department of Labor:														
Productivity and Technology Data	17.004		1,138	1,138	—	—	—	—	—	—	—	—	—	—
WIA Pilots, Demonstrations, and Research Projects	17.261		707,448	—	—	—	707,448	—	—	—	—	—	—	—
Consultation Agreements	17.504		587,600	—	—	—	587,600	—	—	—	—	—	—	—
Subtotal Direct Programs			1,296,186	1,138	—	—	1,295,048	—	—	—	—	—	—	—
Pass through Program From:														
SE TN Dev District - US Dept of Labor	17.000	09060605	301,807	—	—	—	301,807	—	—	—	—	—	—	—
Jacobs Technology JT Program	17.000	N731300TMS	45,700	—	—	45,700	—	—	—	—	—	—	—	—
Total CFDA	17.000		347,507	—	—	45,700	301,807	—	—	—	—	—	—	—
MDES - Employment Service	17.207	7-S90-014-W6727-1	2,442	—	—	—	2,442	—	—	—	—	—	—	—
MDES - Unemployment Insurance	17.225	7-S90-014-W6727-1	3,979	—	—	—	3,979	—	—	—	—	—	—	—
MDES - WIA Adult Program (A)	17.250	9-S90-014-W6729-1	2,000,001	—	—	—	2,000,001	—	—	—	—	—	—	—
MDES - WIA Adult Program (A)	17.258	7-S90-014-W6727-1	16,910	—	—	—	16,910	—	—	—	—	—	—	—
MDES - WIA Adult Program (A)	17.258	9-S90-014-W6729-1	2,508,821	—	—	—	2,508,821	—	—	—	—	—	—	—
Total CFDA	17.258		2,525,731	—	—	—	2,525,731	—	—	—	—	—	—	—
MDES - WIA Dislocated Workers (A/B)	17.260	7-S90-014-W6727-1	46,522	—	—	—	46,522	—	—	—	—	—	—	—
Subtotal Pass through Programs			4,926,182	—	—	45,700	4,880,482	—	—	—	—	—	—	—
Total U.S. Department of Labor			6,222,368	1,138	—	45,700	6,175,530	—	—	—	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of State: Pass through Program From: Univ of Delaware - Program for Study of Eastern Europe and the Independent	19.300	20012	\$ 15,613	—	—	—	15,613	—	—	—	—	—	—	—
Total U.S. Department of State			15,613	—	—	—	15,613	—	—	—	—	—	—	—
U.S. Department of Transportation: US Department of Transportation	20.000		344,747	—	—	42,251	302,496	—	—	—	—	—	—	—
Public Transportation Research	20.514		1,147,251	—	—	1,147,251	—	—	—	—	—	—	—	—
University Transportation Centers Program	20.701		461,221	—	—	461,221	—	—	—	—	—	—	—	—
Transportation Planning, Research and Education	20.931		959,878	—	—	—	959,878	—	—	—	—	—	—	—
Subtotal Direct Programs			2,913,097	—	—	1,650,723	1,262,374	—	—	—	—	—	—	—
Pass through Program From:														
MDOT - US Dept of Transportation	20.000	SP-9999-00(027) 104008/101000	9,702	—	—	—	9,702	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(56) 105803 146000	2,856	—	—	—	2,856	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104558 121000	5,094	—	—	—	5,094	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104558 120000	3,926	—	—	—	3,926	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104828 130000	1,951	—	—	—	1,951	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104828 133000	9,016	—	—	—	9,016	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104828 135000	16,789	—	—	—	16,789	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104828 136000	23,236	—	—	—	23,236	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(49) 104828 129000	35,936	—	—	—	35,936	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(151) 15129 137000 SS#208	44,028	—	—	—	44,028	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(51) 105129 131000 SS#202	2,221	—	—	—	2,221	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MSU 2007-11	20,006	—	—	—	20,006	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	104826 10800 WOP-MSU 2007-08	97,820	—	—	—	97,820	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR1(54)/105366 13500 2007-15	76,519	—	—	—	76,519	—	—	—	—	—	—	—
MDPSP - US Dept of Transportation	20.000	09 K9 401-1	132,747	—	—	—	132,747	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	105129 136000 S\$#207	31,196	—	—	—	31,196	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR1(54)/105366 13400 2007-14	44,194	—	—	—	44,194	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR1(54)/105366 133000 2007-16	19,555	—	—	—	19,555	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	105366 137000 S\$#214	96,729	—	—	—	96,729	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	105366 143000 S\$#220	18,997	—	—	—	18,997	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	105366 13600 S\$#213	40,767	—	—	—	40,767	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(54)/105366 140000	11,111	—	—	—	11,111	—	—	—	—	—	—	—
MDPSP - US Dept of Transportation	20.000	10 K9 401-1	224,003	—	—	—	224,003	—	—	—	—	—	—	—
NAS / FAA	20.000	ACRP 03-01	10,193	—	—	(5,843)	—	—	—	10,193	—	—	—	—
Mississippi Department of Public Safety - Diversity Safety Summit	20.000	09-QP-0001	(5,843)	—	—	(5,843)	—	—	—	—	—	—	—	—
University of Wisconsin System - Recycled Materials Resource Center	20.000	047K11008014	26,545	—	—	—	26,545	—	—	—	—	—	—	—
Total CFDA	20.000		999,294	—	—	20,702	968,399	—	—	10,193	—	—	—	—
MDPSP - Highway Training and Education	20.215	09-OP-401-1	51,437	—	—	—	51,437	—	—	—	—	—	—	—
Mass Transit	20.507		373,976	—	—	—	373,976	—	—	—	—	—	—	—
MDPSP - State and Community Highway Safety	20.600	10-OP-401-1	87,628	—	—	—	87,628	—	—	—	—	—	—	—
MDPSP - State Traffic Safety Information System Improvement Grants (B)	20.610	10-K9-401-2	21,021	—	—	—	21,021	—	—	—	—	—	—	—
Univ of Denver - University Transportation Centers	20.760	36301-01-00	529,916	—	—	—	529,916	—	—	—	—	—	—	—
UT - Biobased Transportation Research	20.761	8500014169	1,692	—	—	—	1,692	—	—	—	—	—	—	—
Subtotal Pass through Programs			2,064,964	—	—	20,702	1,660,093	—	373,976	10,193	—	—	—	—
Total U.S. Department of Transportation			4,978,061	—	—	1,671,425	2,922,467	—	373,976	10,193	—	—	—	—
Appalachian Regional Commission: Analysis of Disparities of Oral Health and Access	23.000		13,988	—	—	—	—	—	—	—	13,988	—	—	—
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011		69,020	—	—	—	69,020	—	—	—	—	—	—	—
Subtotal Direct Programs			83,008	—	—	—	69,020	—	—	—	13,988	—	—	—
Pass through Program From: Ohio State Univ - Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	60019668	10,982	—	—	—	10,982	—	—	—	—	—	—	—
Subtotal Pass through Programs			10,982	—	—	—	10,982	—	—	—	—	—	—	—
Total Appalachian Regional Commission			93,990	—	—	—	80,002	—	—	—	13,988	—	—	—
Federal Trade Commission: Federal Trade Commission	36.000		5,680	—	—	—	—	—	—	5,680	—	—	—	—
Total Federal Trade Commission			5,680	—	—	—	—	—	—	5,680	—	—	—	—
National Aeronautics and Space Administration: National Aeronautics and Space Administration	43.000		1,453,872	—	—	70,216	327,303	—	—	337,724	510,375	208,254	—	—
Aerospace Education Services Program	43.001		1,079,524	10,000	—	73,567	—	—	—	940,628	—	55,329	—	—
Technology Transfer	43.002		2,664,726	—	—	—	2,560,345	—	—	—	—	104,381	—	—
Subtotal Direct Programs			5,198,122	10,000	—	143,783	2,887,648	—	—	1,278,352	510,375	367,964	—	—
Pass through Program From:														
Hypercomp Eng - NASA	43.000	11071	38,501	—	—	—	38,501	—	—	—	—	—	—	—
CFDRC - NASA	43.000	647	114,748	—	—	—	114,748	—	—	—	—	—	—	—
Streamline Numerics - NASA	43.000	09080763	17,551	—	—	—	17,551	—	—	—	—	—	—	—
Tetra Research - NASA	43.000	TRC-STTR-1-08	26,706	—	—	—	26,706	—	—	—	—	—	—	—
Keystone Synerzistic Entrp - NASA	43.000	KSE09012	34,206	—	—	—	34,206	—	—	—	—	—	—	—
NSGF - NASA	43.000	2009-SYSENG02	16,637	—	—	—	16,637	—	—	—	—	—	—	—
MS Ethanol - NASA	43.000	09060620	113,561	—	—	—	113,561	—	—	—	—	—	—	—
Tetra Research - NASA	43.000	TRC-STTR-II-09 TRC-6	88,222	—	—	—	88,222	—	—	—	—	—	—	—
Tetra Research Corp - NASA	43.000	TRC-SBIR-III-09	30,386	—	—	—	30,386	—	—	—	—	—	—	—
WKU Research Fdn - NASA	43.000	WKU 516220-10-001	38,226	—	—	—	38,226	—	—	—	—	—	—	—
TERC - NASA	43.000	Project #4433	5,758	—	—	—	5,758	—	—	—	—	—	—	—
Univ of New Orleans - NASA	43.000	#50	4,120	—	—	—	4,120	—	—	—	—	—	—	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000		32,487	—	—	—	—	—	—	—	—	—	32,487	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS08AB26T	323,360	—	—	—	—	—	—	—	—	—	323,360	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS09AA14T	354,867	—	—	—	—	—	—	—	—	—	354,867	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS09AA13T	7,320	—	—	—	—	—	—	—	—	—	7,320	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS10AA05T	19,784	—	—	—	—	—	—	—	—	—	19,784	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS07AA48T/NNS06AA98	14,357	—	—	—	—	—	—	—	—	—	14,357	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000		122,677	—	—	—	—	—	—	—	—	—	122,677	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS08AA33B/NNS10AA03	28,414	—	—	—	—	—	—	—	—	—	28,414	—
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS10AA10T	348,658	—	—	—	—	—	—	—	—	—	348,658	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Cit NASA Nno711067	43.000	1406254	2,030							2,030				
Analex Corp - NASA	43.000	NAS10-02026	61,923							61,923				
Cit Jet Pro-Nasa	43.000	NM0710850	5,630							5,630				
NIA NASA Nnl08 Yr1	43.000	NNL08AA00B	52,802							52,802				
Craft-NASA	43.000	NNM06A12C	31,226							31,226				
Craft Tech / NASA	43.000	NNX08CB31P	1,310							1,310				
Clarkson Aerospace Corp. - Sensors Research	43.000	08-S567-0010-02C1	44,695			44,695								
Total CFDA	43.000		1,980,162			44,695	528,622			154,921		1,251,924		
George Mason Univ - Aerospace Education Services Program	43.001	200707-D	23						23					
Univ. of MD - Aerospace Education Services Program	43.001	Z634005	258,889				258,889							
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	USM-MRCSSC-12082005-	(676)									(676)		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	MRCSSC212007-51T	64,143									64,143		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	MRCSSC-2142007-56T	12,239									12,239		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	MRCSSC-2152007-53T	6,162									6,162		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	MRCSSC-2152007-52T	16,263									16,263		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	MRCSSC-2152007-58T	36,704									36,704		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	SSC2082007-49T	78,033									78,033		
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.001	NNS08AA83B	45									45		
Total CFDA	43.001		471,825				258,912					212,913		
USM-Technology Transfer	43.002	USM-MRCSSC-2122007-51T	64,359				64,359							
Subtotal Pass through Programs			2,516,346			44,695	851,893			154,921		1,464,837		
Total National Aeronautics and Space Administration			7,714,468	10,000		188,478	3,739,541			1,433,273	510,375	1,832,801		
National Endowment for the Humanities: Promotion of the Humanities-Office of Digital Humanities	45.169		14,960				14,960							
Total National Endowment for the Humanities			14,960				14,960							
National Science Foundation: National Science Foundation	47.000		232,121			1,000			172,396		45,809	12,916		
Engineering Grants	47.041		1,484,137			152,530	812,867			123,293	80,029	315,418		
Mathematical and Physical Sciences	47.049		3,274,075			750,389	122,187			1,311,642		1,089,857		
Geosciences	47.050		819,076			20,256	15,264			110,908		672,648		
HBCU-UP	47.060		591,245						591,245					
Computer and Information Science and Engineering	47.070		635,086			113,546	443,364			78,176				
Biological Sciences	47.074		1,607,377	15,795		20,490	466,353			172,676	81,628	850,435		
Social Behavioral and Economic Sciences	47.075		207,068			22,828	83,530			70,487		30,223		
Education and Human Resources	47.076		9,082,954	257,031		4,119,387	2,630,844		591,245	734,405		750,042		
Polar Programs	47.078		55,075			30,838	1,271					22,966		
International Science and Engineering (OISE)	47.079		4,747									4,747		
Office of Cyberinfrastructure	47.080		289,794			166,545	123,249							
Office of Experimental Program to Stimulate Competitive Research	47.081		1,430,470				1,430,470							
Subtotal Direct Programs			19,713,225	272,826		5,397,809	6,129,399		1,354,886	2,601,587	207,466	3,749,252		
Pass through Program From: NEES Consortium - NSF	47.000	RA-SimPort-2008-MSU	42,043				42,043							
Northrup Grumman - NSF	47.000	8140000555	131,556				131,556							
North Carolina A&T University - BPC-A: Collaborative Research	47.000	CNS05405772600641	16,034			16,034								
National Science Foundation	47.000	NAE-P291020	2,465				2,465							
Total CFDA	47.000		192,098			16,034	176,064							
State Univ. of NY-Engineering Grants	47.041	1058413/41058	41,596				41,596							
Oragenics Inc -Engineering Grants	47.041	1IP-0749884	47				47							
BarSIC Semiconductors - Engineering Grants	47.041	1IP-0539748	(869)				(869)							
University of Florida - National Science Foundation	47.041	1UF09034	54,118									54,118		
Total CFDA	47.041		94,892				40,774					54,118		
Case Western Reserve University - National Science Foundation	47.049	DMR-04223914	89,031									89,031		
Iu NSF Dms-0940365	47.049	1IPU4894558MISS	17,886							17,886				
Georgia Institute of Technology - Origins Chemical Inventory	47.049	NSF-CHE0739189/R8998-G3	25,841			25,841								
UND-NSF-Quarknet	47.049	PHY-0715396	14,806							14,806				
University of Iowa - Production of PhD in Mathematics	47.049	0502354/4000533938	16,631			16,631								
Total CFDA	47.049		164,195			42,472				32,692		89,031		
University Corporation for Atmospheric Research - JSU Meteorology HPCL	47.050	NSF/S08-73112/ATM-0301213	7,100			7,100								
NSF Odyssey	47.070		172,396						172,396					
Univ of TX-Austin - Biological Sciences	47.074	UTA06-272	26,086				26,086							
Louisiana State University - National Science Foundation	47.074	EF-1003943/43827	188,430									188,430		
Total CFDA	47.074		214,516				26,086					188,430		
MAMP	47.076		14,976						14,976					
Delaware State Univ - Education and Human Resources	47.076	10-011MH	7,293				7,293							
Michigan Tech U - Education and Human Resources	47.076	Michigan Tech U 07032556	5,890				5,890							
2002 AMP	47.076	HRD-0115807	171,087							171,087				
University of Massachusetts at Amherst - No Longer a Dream Deferred STEM	47.076	05003146 P00	28,777			28,777								
Total CFDA	47.076		228,023			28,777	13,183		14,976	171,087				
Civilan Res/Dev FdN - International Science and Engineering	47.079	UKI2-2856-KV-07	(1,475)				(1,475)							
NSF-Epocor	47.081	362492-190200-02	512,304							512,304				
Subtotal Pass through Programs			1,584,049			94,383	254,632		187,372	716,083		331,579		
Total National Science Foundation			21,297,274	272,826		5,492,192	6,384,031		1,542,258	3,317,670	207,466	4,080,831		
U.S. Small Business Administration: US Small Business Administration	59.000		560,463	85,200			387,801					87,462		
Technical Assistance	59.007		9,713									9,713		
Subtotal Direct Programs			570,176	85,200			387,801					97,175		
Pass through Program From: MDOT - US Small Business Administration	59.000	SPR-1(51) 105129 013000 SS#206	203				203							
Subtotal Pass through Programs			203				203							
Total U.S. Small Business Administration			570,379	85,200			388,004					97,175		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Mississippi Department of Mental Health - FY10 MS Underage Drinking	93.243	7B61-JSU-IDS-SPF-SIG-09	\$ 9,892			9,892								
Morehouse School of Medicine - Mental Health Mini-Grant RFA	93.243	SAMHSA/TI-020447	4,235			4,235								
Mississippi Department of Mental Health - MS Underage Drinking Coalition of Hinds Co.	93.243	7A60-METRO-SPF-SIG-08	49,141			49,141								
Mississippi Department of Mental Health - MS Underage Drinking Coalition of Hinds Co.	93.243	7A60METROSPF09	141,145			141,145								
Mississippi Department of Mental Health - Substance Abuse and Mental Health Services	93.243	DIG368F4	14,725							14,725				
Total CFDA	93.243		219,138			204,413				14,725				
UKRF - Occupational Safety and Health Program	93.262	3049023077-09-273	21,983				21,983							
UK Research Fdn - Occupational Safety and Health Program	93.262	3049023585-10-319	5,315				5,315							
Trustees Lab CDC	93.262	T42QHD08436	542							542				
Total CFDA	93.262		27,840				27,298			542				
University of New York Buffalo - Alcohol Research Programs	93.273	R351001	17,083								17,083			
University of New York Buffalo - Alcohol Research Programs	93.273	R01AA016564	14,798								14,798			
Total CFDA	93.273		31,881								31,881			
University of North Carolina/NIDA FY10	93.279	5-30555	1,788							1,788				
University of Texas San Antonio - Drug Abuse and Addiction Research Program	93.279	115954/115375	152,146								152,146			
Total CFDA	93.279		153,934							1,788	152,146			
SECEBT Emory Univ - Centers for Disease Control and Prevention Investigations	93.283	SECEBT Emory Univ 08090763	26,038				26,038							
MSDH - Centers for Disease Control and Prevention Investigations	93.283	100100006	4,900				4,900							
Delta Council/Delta Health Initiative	93.283		1,284,324		1,284,324									
Total CFDA	93.283		1,315,262		1,284,324		30,938							
University of Washington / NIH	93.286	2 R01 EB000350-04A2	43,996							43,996				
Regents of the University of Michigan - CIAHD (Integrative Approaches)	93.307	P60MD00224902	20,551			20,551								
Tougaloo College - Estrogen Receptor-Calcium Binding	93.307	1P20MD002725	21,975			21,975								
Regents of the University of Michigan - Michigan Center (CIAHD)	93.307	P60MD00224901	(1,565)			(1,565)								
Regents of the University of Michigan - Michigan Center (CIAHD)	93.307	P60 MD002249-02	92,938			92,938								
University Michigan - Minority Health and Health Disparities Research	93.307	P60MD002249	76,882								76,882			
Tuhaloo - Minority Health and Health Disparities Research	93.307	P20D002725	25,548								25,548			
Total CFDA	93.307		236,329			133,899					102,430			
MFGN	93.389	5P20RR016476-08	317							317				
FAMU NIH G12 RR00302	93.389	SUB-C-2516	12,870							12,870				
Total CFDA	93.389		13,187							13,187				
Oregon Research Institute - Cancer Cause and Prevention Research	93.393	CA107442	(7,429)								(7,429)			
St Jude - NIH	93.395	1 R01 CA108775-01A1	(566)							(566)				
Tufts Univ / NIH	93.395	7R21CA123253-02	4,781							4,781				
Gynecologic Oncology Group - Cancer Treatment Research	93.395	SP 27469-2	145,937								145,937			
National Childhood Cancer Foundation - Cancer Treatment Research	93.395	15164	1,471								1,471			
Gynecologic Oncology Group - Cancer Treatment Research	93.395	CA47269	37,133								37,133			
National Childhood Cancer Foundation - Cancer Treatment Research	93.395	97452-1019	140,280								140,280			
University of Texas HSC - Cancer Treatment Research	93.395	NOJCN5038	30,182								30,182			
Singing River Hospital System - Cancer Treatment Research	93.395	US6CA105478	19,010								19,010			
Thermally Targeted Therapeutics, Inc. - Cancer Treatment Research	93.395	R34CA135799	19,567								19,567			
University of Illinois - Cancer Treatment Research	93.395	R01CA122914	57,199								57,199			
University of Pittsburgh: Cancer Treatment Research	93.395	TFED31041	5,872								5,872			
Total CFDA	93.395		460,866							4,215	456,651			
University of Massachusetts - Cancer Biology Research	93.396	P01AG025531	113,586								113,586			
University of Alabama at Birmingham - U.S. Dept of Health and Human Services	93.399	SU01 CA114619-05	165,723									165,723		
Southwest Oncology Group - Cancer Control	93.399	11-025-00UM	58,967								58,967			
Total CFDA	93.399		224,690								58,967	165,723		
MDHS - Child Care and Development Block Grant	93.575	527Q7471	(3,433)				(3,433)							
MDHS - Child Care and Development Block Grant	93.575	527Q7484A	6,552				6,552							
Total CFDA	93.575		3,119				3,119							
Univ. of CO - Head Start	93.600	FY09.494.003	16,899			16,899								
Univ of CO - Head Start	93.600	FY10.494.007 Amd5MissSt	39,399			39,399								
Total CFDA	93.600		56,298			56,298								
Charles R. Drew University - Drew RCMI Translational Research	93.701	2008-2008KNG007RN00-JSU	1,571,312			1,571,312								
Charles R. Drew University - Drew RCMI Translational Research Network- Administrative Supplement	93.701	0910KNG07RNSUSU5U54RR022762-	7,420			7,420								
Total CFDA	93.701		1,578,732			1,578,732								
Network 8 Inc	93.779		7,374							7,374				
Clemson University - Cardiovascular Diseases Research	93.837	1392-209-2007761	1,715			1,715								
University of Washington - Cardiovascular Diseases Research	93.837	HL085257	73,548								73,548			
University of Michigan - Cardiovascular Diseases Research	93.837	HL085571-02	351,907								351,907			
Medical College of Wisconsin, Inc - Cardiovascular Diseases Research	93.837	P01HL059996	40,876								40,876			
University of Michigan - Cardiovascular Diseases Research	93.837	HL087660	64,601								64,601			
Medical College of Wisconsin, Inc - Cardiovascular Diseases Research	93.837	P01HL029587	149,323								149,323			
Medical College of Wisconsin, Inc - Cardiovascular Diseases Research	93.837	P01HL029587	113,213								113,213			
Total CFDA	93.837		795,183			1,715					793,468			
Univ of MD- Lung Diseases Research	93.838	SR00000113	24,937											
Univ of Pittsburgh - Lung Diseases Research	93.838	9003272	24,367											
Total CFDA	93.838		49,304											
Medical College of Georgia - Blood Diseases and Resources Research	93.839	05-1074E1	9,720								9,720			
Research Triangle - Blood Diseases and Resources Research	93.839	NO1CP01004	13,705								13,705			
New England Research Institutes, Inc - Blood Diseases and Resources Research	93.839	U10HL083721	6,004								6,004			
New England Research Institutes, Inc - Blood Diseases and Resources Research	93.839	U10HL083721	50,910								50,910			
Boston Medical Center - Blood Diseases and Resources Research	93.839	HL5157	1,534								1,534			
Thomas Jefferson University - Blood Diseases and Resources Research	93.839	US4HL070585	1,622								1,622			
St Joak Children's Hospital - Blood Diseases and Resources Research	93.839	U01HL078787-02	108,472								108,472			
Total CFDA	93.839		191,967								191,967			

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS	
Elo Labs-NIH 2R24Ar Medical College of Wisconsin, Inc - Diabetes, Digestive and Kidney Diseases Extramural Research	93.846	2R42AR053595-02A1	\$ 82,853	—	—	—	—	—	—	82,853	—	—	—	—	
Mayo Clinic - Diabetes, Digestive and Kidney Diseases Extramural Research	93.847	P01DK079306	56,380	—	—	—	—	—	—	—	56,380	—	—	—	
Total CFDA	93.847	R01DK73537	154,672	—	—	—	—	—	—	—	154,672	—	—	—	
Medical University of South Carolina -Extramural Research in Neurosciences and Neurological Disorders	93.853	MUSC08101	6,772	—	—	—	—	—	—	—	6,772	—	—	—	
Washington University SOM - Extramural Research in Neurosciences and Neurological Disorders	93.853	NS042804/WU0583	137,885	—	—	—	—	—	—	—	137,885	—	—	—	
Total CFDA	93.853		144,657	—	—	—	—	—	—	—	144,657	—	—	—	
Louisiana State University - Allergy, Immunology and Transplantation Research	93.855	5U19AI061972	164,494	—	—	—	—	—	—	—	164,494	—	—	—	
Elo Lab-NIH 2R42Gm	93.859	2R42GM067304-02	94,478	—	—	—	—	—	—	94,478	—	—	—	—	
Univ of Michigan - Population Research	93.864	3001348824	10,064	—	—	10,064	—	—	—	—	—	—	—	—	
University of Washington - Vision Research	93.867	R21EY020744	4,647	—	—	—	—	—	—	—	4,647	—	—	—	
Mississippi Department of Mental Health - SAPT 09 Block Grant Prevention	93.959	7420-09SAPT-32-25	265,479	—	—	265,479	—	—	—	—	—	—	—	—	
Mississippi Department of Mental Health - SAPT 10 Block Grant Prevention	93.959	7428-10SAPT-MJCP-11	54,900	—	—	—	—	—	—	—	—	—	—	—	
Mississippi Department of Mental Health - SAPT Block Grant 2009-2010	93.959	7428-09SAPT-MJCP-10	158,112	—	—	—	—	—	—	—	—	—	—	—	
Mississippi Department of Mental Health - SAPT Prevention 2010	93.959	7420-10SAPT-32-26	9,751	—	—	9,751	—	—	—	—	—	—	—	—	
Total CFDA	93.959		488,242	—	—	488,242	—	—	—	—	—	—	—	—	
YOU DHHS 5APHPA006	93.995	5APHPA006007-05-00	34,849	—	—	—	—	—	—	34,849	—	—	—	—	
Subtotal Pass through Programs			10,306,373	—	1,284,324	2,818,016	980,918	—	91,743	1,580,280	2,924,233	626,859	—	—	
Total U.S. Department of Health and Human Services			51,369,752	244,389	1,284,324	10,437,591	2,290,973	52,734	104,620	8,442,305	25,043,847	3,468,969	—	—	
Corporation for National and Community Service: Pass through Program From: IHL - CNCS 06ACHMS	94.006	06ACHMS0010007	42,985	—	—	—	—	—	—	42,985	—	—	—	—	
Subtotal Pass through Programs			42,985	—	—	—	—	—	—	42,985	—	—	—	—	
Total Corporation for National and Community Service			42,985	—	—	—	—	—	—	42,985	—	—	—	—	
U.S. Department of Homeland Security: U.S. Department of Homeland Security State and Local Homeland Security National Training Program U.S. Department of Homeland Security Scholars and Fellows, and Educational Programs Homeland Security Grant Program Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.000 97.005 97.006 97.067 97.067 97.104 97.108		3,339,340 338,168 79,472 117,176 97,458 129,663 67,568	— — — — — — —	— — — — — — —	1,233,398 — — 117,176 — 129,663 —	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —	— — — — — — —	2,105,942 338,168 79,472 — 97,458 — —	— — — — — — —	— — — — — — —
Subtotal Direct Programs			4,168,825	—	—	1,480,237	—	—	—	67,568	—	2,621,020	—	—	
Pass through Program From: Northrop Grumman - Dept of Homeland Security UT-Battelle - Dept of Homeland Security UT-Battelle - Dept of Homeland Security UT-Battelle - Dept of Homeland Security ATA - Dept of Homeland Security UT-Battelle US Dept of Homeland Sec MCMC MCVS - US Dept of Homeland Sec Mississippi Department of Public Safety - U.S. Department of Homeland Security Ut-Bat De-Ac05 Ut Battelle DHS Omni Lib Prelim Mississippi Department of Public Safety - FY07 ODP Homeland Security Grant Pr Mississippi Office of Homeland Security - FY08 ODP Homeland Security Grant Battelle National Biodefense Institute - Literature Review And Report	97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000 97.000	7500071636 4000087487 4000091621 4000092104 HWW-MSU-07-055 4000068967 MCVS 09030268 09HS421 B.O. 420000224 DE-AC05-00OR22725 TO #4000092282 07CC601 08HS601 BN090017/ BN0900349	11,136 12,353 3,068 164,757 (2,162) 3,261 16,999 17,528 200,350 3,302,525 38,932 700 1,660 80,790 3,851,897	— — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	11,136 12,353 3,068 164,757 (2,162) 3,261 16,999 17,528 200,350 3,302,525 38,932 700 1,660 80,790 3,541,807	— — — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	— — — — — — — — — — — — —	
Total CFDA	97.000		3,851,897	—	—	83,150	209,412	—	—	3,541,807	—	17,528	—	—	
UT-Battelle - CARRA Support 08 DRU Disaster Resistant University Hazard Mitigation Mississippi Department of Public Safety - Citizen Corps UNC-CH - Centers for Homeland Security (B) LSU - Centers for Homeland Security University of Kentucky - U.S. Department of Homeland Security Purdue University - Vaccine Total CFDA	97.023 97.039 97.053 97.061 97.061 97.061 97.061 97.061	4000066515 06CC420 09010037 37666 3048104430-009-292 4112-31738-2009-ST-061-CD0001	368 36,813 29,053 96,141 48,722 18,228 63,159 226,250	368 — — — — — — —	— — — — — — — —	— — — — — — — —	— — — 96,141 48,722 — — — — — — —	— — — — — — — —	— — — — — — — —	— — — — — — — —	— — — — — — — —	— — — — — — — —	— — — — — — — —	— — — — — — — —	
Subtotal Pass through Programs			4,263,775	119,762	—	146,309	354,275	—	36,813	3,541,807	29,053	35,756	—	—	
Total U.S. Department of Homeland Security			8,432,600	119,762	—	1,626,546	354,275	—	36,813	3,609,375	29,053	2,656,776	—	—	
U.S. Agency of International Development: South Africa R.L. Pass through Program From: NAS / US Aid Mississippi Department of Education - Mississippi Consortium for Internet Total CFDA	98.007 98.001 98.001 98.001		38 11,753 10,057 21,810	38 — — —	— — — —	— — — —	— — — —	— — — —	— — — —	— — — —	— — — —	— — — —	— — — —	— — — —	
Subtotal Pass through Programs			21,810	—	—	10,057	—	—	—	11,753	—	—	—	—	
Total U.S. Agency of International Development			21,848	38	—	10,057	—	—	—	11,753	—	—	—	—	
Research and Development Cluster - American Recovery Reinvestment Act (ARRA): U.S. Department of Defense: Pass through Program From: ARRA - Sanders Co - Basic, Applied, and Advanced Research in Science and Engineering	12.630	Sanders Co Bd of Commissioners	20,697	—	—	—	20,697	—	—	—	—	—	—	—	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of Justice:														
ARRA - Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		\$ 60,644	—	—	—	60,644	—	—	—	—	—	—	—
National Science Foundation:														
ARRA - Trans-Recovery Act Research Support	47.082		3,239,694	—	—	205,259	1,769,867	—	—	536,018	174,766	553,784	—	—
Subtotal Direct Programs			3,239,694	—	—	205,259	1,769,867	—	—	536,018	174,766	553,784	—	—
Pass through Program From:														
ARRA - Ms Pacific Resins/Trans-Recovery Act Research Support	47.082	MS Pacific Resins 10010106	33,332	—	—	—	33,332	—	—	—	—	—	—	—
ARRA - USM Research Foundation	47.082		49,539	—	—	—	—	—	—	—	—	49,539	—	—
ARRA - U of AI NSF	47.082	09-063	29,696	—	—	—	—	—	—	29,696	—	—	—	—
Total CFDA	47.082		112,567	—	—	—	33,332	—	—	—	—	49,539	—	—
Subtotal Pass through Programs			112,567	—	—	—	33,332	—	—	29,696	—	49,539	—	—
Total National Science Foundation (ARRA only)			3,352,261	—	—	205,259	1,803,199	—	—	565,714	174,766	603,323	—	—
U.S. Department of Energy:														
ARRA - Energy Efficiency and Renewable Energy Information Dissemination, Outreach	81.117		157,813	—	—	—	157,813	—	—	—	—	—	—	—
U.S. Department of Health and Human Services:														
ARRA - Environmental Health	93.113		18,001	—	—	—	18,001	—	—	—	—	—	—	—
ARRA - Trans-NIH Recovery Act Research Support	93.701		2,150,045	—	—	55,056	392,173	—	—	357,495	1,122,254	223,067	—	—
Subtotal Direct Programs			2,168,046	—	—	55,056	410,174	—	—	357,495	1,122,254	223,067	—	—
Pass through Program From:														
ARRA - UK NIH 1Rc2Gm	93.071	3048106580-10-155	211,400	—	—	—	—	—	—	211,400	—	—	—	—
ARRA - Harvard Medical School - Networking Research Across America	93.701	14972838655010	217,172	—	—	217,172	—	—	—	—	—	—	—	—
ARRA - Charles R. Drew University - FY10 Drew RCMI Translational Resear	93.701	09-10-KN-GR022000-JSU	195,479	—	—	195,479	—	—	—	—	—	—	—	—
ARRA - GE Global Research: NIH Hemodynamic Monitoring Grant	93.701	R01HL094487	18,226	—	—	—	—	—	—	—	18,226	—	—	—
ARRA - Washington University: Silent Cerebral Infarct Multi-Center Clinical Trial	93.701	WU10103	57,542	—	—	—	—	—	—	—	57,542	—	—	—
ARRA - University of Texas HSC: A Genome Wide Association Study of Ischemic Brain	93.701	R01HL093029	2,963	—	—	—	—	—	—	—	2,963	—	—	—
ARRA - University of Virginia: Human Exome Sequencing in Six Well Phenotyped NHLBI	93.701	RC2HL103010	6,299	—	—	—	—	—	—	—	6,299	—	—	—
ARRA - University of Minnesota: Biosynthesis of Amino Acid Derived Quinone Cofactors	93.701	R01GM066569	66,710	—	—	—	—	—	—	—	66,710	—	—	—
Total CFDA			775,791	—	—	412,651	—	—	—	211,400	151,740	—	—	—
Subtotal Pass through Programs			775,791	—	—	412,651	—	—	—	211,400	151,740	—	—	—
Total U.S. Department of Health and Human Services (ARRA only)			2,943,837	—	—	467,707	410,174	—	—	568,895	1,273,994	223,067	—	—
Total Research and Development Cluster - American Recovery Reinvestment Act (ARRA)			6,535,252	—	—	672,966	2,452,527	—	—	1,134,609	1,448,760	826,390	—	—
Total Research and Development Cluster including ARRA			259,594,643	6,404,741	1,620,358	29,808,358	114,108,200	347,079	2,193,316	44,579,918	27,737,842	32,794,831		
Other Federal Programs:														
U.S. Department of Agriculture:														
Federal Reserve Bank - Grimes	10.000		160,225	—	—	—	160,225	—	—	—	—	—	—	—
Pass through Program From:														
Greene CBS - US Dept of Agriculture	10.000	CBS 02050419	2,669	—	—	—	2,669	—	—	—	—	—	—	—
Harrison CBS - US Dept of Agriculture	10.000	CBS 02050429	32,296	—	—	—	32,296	—	—	—	—	—	—	—
Amite CBS - US Dept of Agriculture	10.000	CBS 02050421	614	—	—	—	614	—	—	—	—	—	—	—
Benton CBS - US Dept of Agriculture	10.000	02050420	3,390	—	—	—	3,390	—	—	—	—	—	—	—
Forrest CBS - US Dept of Agriculture	10.000	CBS 02070518	26,151	—	—	—	26,151	—	—	—	—	—	—	—
Scott CBS - US Dept of Agriculture	10.000	02070519	43,909	—	—	—	43,909	—	—	—	—	—	—	—
Jones CBS-US Dept of Agricultural	10.000	CBS 02070609	5,532	—	—	—	5,532	—	—	—	—	—	—	—
Lincoln CBS -US Dept of Agricultural	10.000	CBS 02080669	2,821	—	—	—	2,821	—	—	—	—	—	—	—
Wilkinson CBS -US Dept of Agricultural	10.000	CBS 02090758	(30,266)	—	—	—	(30,266)	—	—	—	—	—	—	—
Perry CBS -US Dept of Agricultural	10.000	CBS 03050469	105,482	—	—	—	105,482	—	—	—	—	—	—	—
Adams CBS -US Dept of Agricultural	10.000	CBS 03050490	2,286	—	—	—	2,286	—	—	—	—	—	—	—
Chickasaw CBS -US Dept of Agricultural	10.000	CBS 03060608	(169)	—	—	—	(169)	—	—	—	—	—	—	—
Jefferson CBS -US Dept of Agricultural	10.000	CBS 04050495	7,813	—	—	—	7,813	—	—	—	—	—	—	—
Jackson CBS -US Dept of Agricultural	10.000	CBS 04101054	15,053	—	—	—	15,053	—	—	—	—	—	—	—
MS Forestry Comm - US Dept of Agriculture	10.000	09090906	13,655	—	—	—	13,655	—	—	—	—	—	—	—
Chickasaw CBS -US Dept of Agriculture	10.000	CBS 09090943	6,559	—	—	—	6,559	—	—	—	—	—	—	—
Lafayette CBS - US Dept of Agriculture	10.000	CBS 09090942	4,262	—	—	—	4,262	—	—	—	—	—	—	—
Sharkey CBS - US Dept of Agriculture	10.000	CBS 09090940	3,718	—	—	—	3,718	—	—	—	—	—	—	—
Adams CBS -US Dept of Agriculture	10.000	CBS 09090949	8,506	—	—	—	8,506	—	—	—	—	—	—	—
Adams CBS - US Dept of Agriculture	10.000	09090932	16,841	—	—	—	16,841	—	—	—	—	—	—	—
Jefferson CBS -US Dept of Agriculture	10.000	CBS 09090952	11,572	—	—	—	11,572	—	—	—	—	—	—	—
Harrison CBS - US Dept of Agriculture	10.000	CBS 09090947	7,872	—	—	—	7,872	—	—	—	—	—	—	—
Forrest CBS - US Dept of Agriculture	10.000	CBS 09090946	11,085	—	—	—	11,085	—	—	—	—	—	—	—
Scott CBS - US Dept of Agriculture	10.000	CBS 09090950	27,731	—	—	—	27,731	—	—	—	—	—	—	—
Jones CBS - US Dept of Agriculture	10.000	CBS 09090948	5,877	—	—	—	5,877	—	—	—	—	—	—	—
Amite CBS - US Dept of Agriculture	10.000	CBS 09090953	4,894	—	—	—	4,894	—	—	—	—	—	—	—
Greene CBS - US Dept of Agriculture	10.000	09090945	16,756	—	—	—	16,756	—	—	—	—	—	—	—
Wilkinson CBS - US Dept of Agriculture	10.000	09090951	8,098	—	—	—	8,098	—	—	—	—	—	—	—
Benton CBS - US Dept of Agriculture	10.000	CBS 09090944	9,729	—	—	—	9,729	—	—	—	—	—	—	—
MDAC BPI - US Dept of Agriculture	10.000	BPI 09121295	294	—	—	—	294	—	—	—	—	—	—	—
MDAC BPI - US Dept of Agriculture	10.000	BPI 09121363	954	—	—	—	954	—	—	—	—	—	—	—
MS Ag & Commerce - US Dept of Agriculture	10.000	MS Ag & Commerce (MAC)	9,391	—	—	—	9,391	—	—	—	—	—	—	—
MS Ag & Commerce - US Dept of Agriculture	10.000	09070692	8,591	—	—	—	8,591	—	—	—	—	—	—	—
Texas A & M - US Dept of Agriculture	10.000	622217	239	—	—	—	239	—	—	—	—	—	—	—
National Peanut Bd - US Dept of Agriculture	10.000	09121476	9,745	—	—	—	9,745	—	—	—	—	—	—	—
Perry CBS -US Dept of Agriculture	10.000	CBS 10030314	4,640	—	—	—	4,640	—	—	—	—	—	—	—
Perry CBS - US Dept of Agriculture	10.000	CBS 10060640	14,772	—	—	—	14,772	—	—	—	—	—	—	—
Total CFDA	10.000		583,587	—	—	—	583,587	—	—	—	—	—	—	—
Agricultural Research-Basic and Applied Research	10.001		68,290	68,290	—	—	—	—	—	—	—	—	—	—
Pass through Program From:														
MS Bd of Animal Health - Plant and Animal Disease Pest Control	10.025	MS Bd of Animal Health	2,472	—	—	—	2,472	—	—	—	—	—	—	—
Bur. of Plant Industry - Plant and Animal Disease Pest Control and Animal Care	10.025	Bur. of Plant Industry	10,135	—	—	—	10,135	—	—	—	—	—	—	—
MS Bd of Animal Health - Plant and Animal Disease Pest Control and Animal Care	10.025	90100971	11,653	—	—	—	11,653	—	—	—	—	—	—	—
Total CFDA	10.025		24,260	—	—	—	24,260	—	—	—	—	—	—	—
Specialty Crop Block Grant Program - Farm Bill	10.170		3,407	3,407	—	—	—	—	—	—	—	—	—	—
Pass through Program From:														
MDAC - Specialty Crop Block Grant Program - Farm Bill	10.170	10011502	3,619	—	—	—	3,619	—	—	—	—	—	—	—
Total CFDA	10.170		7,026	3,407	—	—	3,619	—	—	—	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Grants for Agricultural Research, Special Research Grants	10.200		\$ 1,092,616	—	—	—	72,562	—	1,020,054	—	—	—	—	—
Pass through Program From:														
LSU - Grants for Agricultural Research Special Research Grants	10.200	PO#29351	5,043	—	—	—	5,043	—	—	—	—	—	—	—
Total CFDA	10.200		1,097,659	—	—	—	77,605	—	1,020,054	—	—	—	—	—
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		81,917	81,917	—	—	—	—	—	—	—	—	—	—
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		84,161	—	—	—	—	—	—	84,161	—	—	—	—
Pass through Program From:														
Univ. of GA - Sustainable Agriculture Research and Education	10.215	RD309-105/4690258	19,015	—	—	—	19,015	—	—	—	—	—	—	—
1890 Institution Capacity Building Grants	10.216		3,723	3,723	—	—	—	—	—	—	—	—	—	—
Impact of Higher Food Prices	10.250		2,960	2,960	—	—	—	—	—	—	—	—	—	—
Integrated Programs	10.303		53	53	—	—	—	—	—	—	—	—	—	—
Pass through Program From:														
Texas A&M - Initiative for Future Agriculture and Food Systems	10.303	450007	15,057	—	—	—	15,057	—	—	—	—	—	—	—
Texas A&M - Initiative for Future Agriculture and Food Systems	10.303	A&M 451002	2,755	—	—	—	2,755	—	—	—	—	—	—	—
Total CFDA	10.303		17,865	53	—	—	17,812	—	—	—	—	—	—	—
Pass through Program From:														
Univ of FL - Homeland Security - Agriculture	10.304	0069561	12,781	—	—	—	12,781	—	—	—	—	—	—	—
International Science and Education Grants	10.305		1,935	—	—	—	1,935	—	—	—	—	—	—	—
Pass through Program From:														
Univ of GA - Specialty Crop Research Initiative (SCRS)	10.309	RC299-380/3503838	10,031	—	—	—	10,031	—	—	—	—	—	—	—
Univ of Georgia - Specialty Crop Research Initiative (SCRS)	10.309	RF327-193/4692298	332	—	—	—	332	—	—	—	—	—	—	—
Total CFDA	10.309		10,363	—	—	—	10,363	—	—	—	—	—	—	—
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443		97,120	97,120	—	—	—	—	—	—	—	—	—	—
Rural Community Development Initiative	10.446		53,626	53,626	—	—	—	—	—	—	—	—	—	—
Cooperative Extension Service	10.500		2,884,942	1,718,789	—	—	1,166,153	—	—	—	—	—	—	—
Pass through Program From:														
Univ of NE - Cooperative Extension Service	10.500	26-6365-0001-304	11,991	—	—	—	11,991	—	—	—	—	—	—	—
Univ of GA - Cooperative Extension Service	10.500	RE675-114/3500028	(352)	—	—	—	(352)	—	—	—	—	—	—	—
National 4-H Council - Cooperative Extension Service	10.500	08030223	2,785	—	—	—	2,785	—	—	—	—	—	—	—
Kansas State Univ - Cooperative Extension Service	10.500	S08113	6	—	—	—	6	—	—	—	—	—	—	—
Univ of NE - Cooperative Extension Service	10.500	25-6365-0023-102	12,002	—	—	—	12,002	—	—	—	—	—	—	—
Univ of NE - Cooperative Extension Service	10.500	26-6365-0001-332	11,970	—	—	—	11,970	—	—	—	—	—	—	—
Univ of Hawaii - Cooperative Extension Service	10.500	PO 2866283	21,915	—	—	—	21,915	—	—	—	—	—	—	—
NCSU - Cooperative Extension Service	10.500	2008-0590-05	13,338	—	—	—	13,338	—	—	—	—	—	—	—
TX AgriLife Ext - Cooperative Extension Service	10.500	622192	15,929	—	—	—	15,929	—	—	—	—	—	—	—
Auburn Univ - Cooperative Extension Service	10.500	ACES 08-HHP-374648-0015	4,083	—	—	—	4,083	—	—	—	—	—	—	—
UCA - Cooperative Extension Service	10.500	RE675-153/3842538	4,786	—	—	—	4,786	—	—	—	—	—	—	—
Univ of Hawaii - Cooperative Extension Service	10.500	Z888792	7,193	—	—	—	7,193	—	—	—	—	—	—	—
Kansas St Univ - Cooperative Extension Service	10.500	S08039	35,716	—	—	—	35,716	—	—	—	—	—	—	—
National 4-H Council - Cooperative Extension Service	10.500	09070728	42,028	—	—	—	42,028	—	—	—	—	—	—	—
TX AgriLife Ext - Cooperative Extension Service	10.500	622238	34,585	—	—	—	34,585	—	—	—	—	—	—	—
Univ of Arkansas - Cooperative Extension Service	10.500	UACES 21655-01	25,980	—	—	—	25,980	—	—	—	—	—	—	—
Univ of NE - Cooperative Extension Service	10.500	25-6365-0023-254	5,647	—	—	—	5,647	—	—	—	—	—	—	—
Kansas State Univ - Cooperative Extension Service	10.500	S10084	19,197	—	—	—	19,197	—	—	—	—	—	—	—
Univ of AR - Cooperative Extension Service	10.500	UACES 23857-01	977	—	—	—	977	—	—	—	—	—	—	—
Alabama CES - Cooperative Extension Service	10.500	Alabama CES	809	—	—	—	809	—	—	—	—	—	—	—
National 4-H Council - Cooperative Extension Service	10.500	National 4-H Council	11,427	—	—	—	11,427	—	—	—	—	—	—	—
National 4-H Council - Cooperative Extension Service	10.500	National 4-H Council	5,713	—	—	—	5,713	—	—	—	—	—	—	—
Total CFDA	10.500		3,172,667	1,718,789	—	—	1,453,878	—	—	—	—	—	—	—
Pass through Program From:														
Mississippi State Department of Health - Special Supplemental Nutrition Program for Women	10.557	20000W10	469,502	—	—	—	—	—	—	—	469,502	—	—	—
Pass through Program From:														
Mississippi Department of Education - U.S. Department of Agriculture	10.558		7,129	—	—	—	—	—	—	—	—	7,129	—	—
Mississippi Department of Education - U.S. Department of Agriculture	10.558		22,731	—	—	—	—	—	—	—	—	22,731	—	—
Total CFDA	10.558		29,860	—	—	—	—	—	—	—	—	29,860	—	—
Pass through Program From:														
GA DOE / USDA 20210001	10.560	10-414332-12298	4,658	—	—	—	—	—	—	4,658	—	—	—	—
Indiana DOE / USDA	10.560	2008IN253342	2,572	—	—	—	—	—	—	2,572	—	—	—	—
Total CFDA	10.560		7,230	—	—	—	—	—	—	7,230	—	—	—	—
Team Nutrition Grants	10.574		4,208,740	—	—	—	—	—	—	4,208,740	—	—	—	—
Pass through Program From:														
Michigan DOE / USDA	10.574	0719FO	977	—	—	—	—	—	—	977	—	—	—	—
Al DOE / USDA	10.574	CNTN 08-AL-01	60,845	—	—	—	—	—	—	60,845	—	—	—	—
Vt Dept of Ed - USDA	10.574	CNTN-07-VT	20,200	—	—	—	—	—	—	20,200	—	—	—	—
Total CFDA	10.574		4,290,762	—	—	—	—	—	—	4,290,762	—	—	—	—
Food for Education	10.608		26,074	—	—	—	26,074	—	—	—	—	—	—	—
Pass through Program From:														
MS Forestry Comm - Cooperative Forestry Assistance	10.664	1003001	10,713	—	—	—	10,713	—	—	—	—	—	—	—
MS Forestry Comm - Cooperative Forestry Assistance	10.664	MS Forestry Comm	6,120	—	—	—	6,120	—	—	—	—	—	—	—
Total CFDA	10.664		16,833	—	—	—	16,833	—	—	—	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From:														
MS Forestry Comm - Forest Health Protection (A,B)	10.680	08070595	\$ 261,788	—	—	—	261,788	—	—	—	—	—	—	—
MS Forestry Comm - Forest Health Protection (A,B)	10.680	10030300	70,577	—	—	—	70,577	—	—	—	—	—	—	—
Total CFDA	10.680		332,365	—	—	—	332,365	—	—	—	—	—	—	—
Rural Cooperative Development Grants	10.771		54,024	—	—	—	54,024	—	—	—	—	—	—	—
Distance Learning and Telemedicine Loans and Grants	10.855		328,306	—	328,306	—	—	—	—	—	—	—	—	—
Soil and Water Conservation	10.902		4,013	—	—	4,013	—	—	—	—	—	—	—	—
Pass through Program From:														
NFWF - Soil and Water Conservation	10.902	2006-0023-000	9,305	—	—	—	9,305	—	—	—	—	—	—	—
Total CFDA	10.902		13,318	—	—	4,013	9,305	—	—	—	—	—	—	—
Emergency Watershed Protection Program	10.923		319,176	319,176	—	—	—	—	—	—	—	—	—	—
Child Nutrition Cluster														
National School Lunch Program	10.555		10,415	—	—	—	—	—	—	10,415	—	—	—	—
Summer Food Service Program for Children	10.559		22,261	—	—	—	—	—	22,261	—	—	—	—	—
Total Child Nutrition Cluster			32,676	—	—	—	—	—	22,261	10,415	—	—	—	—
SNAP Cluster														
Pass through Program From:														
MDHS - State Administrative Matching Grants for Food Stamp	10.561	527B181N	(7,378)	—	—	—	(7,378)	—	—	—	—	—	—	—
MDHS - State Administrative Matching Grants for Food Stamp	10.561	527B191N	509,103	—	—	—	509,103	—	—	—	—	—	—	—
MDHS - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	527B101A	1,579,723	—	—	—	1,579,723	—	—	—	—	—	—	—
Total SNAP Cluster			2,081,448	—	—	—	2,081,448	—	—	—	—	—	—	—
Total U.S. Department of Agriculture			13,340,529	2,349,061	328,306	4,013	4,724,904	—	1,042,315	4,392,568	469,502	29,860	—	—
U.S. Department of Commerce:														
Pass through Program From:														
Dauphin Island Sea Lab - U.S. Department of Commerce	11.000	2303JD-JLS-01	17,376	—	—	—	—	—	—	—	—	17,376	—	—
Maritime & Seafood Industry Museum - U.S. Department of Commerce	11.000		3,793	—	—	—	—	—	—	—	—	3,793	—	—
National Marine Sanctuary Foundation - U.S. Department of Commerce	11.000		15,464	—	—	—	—	—	—	—	—	15,464	—	—
Total CFDA	11.000		36,633	—	—	—	—	—	—	—	—	36,633	—	—
Economic Development Technical Assistance	11.303		186,291	—	—	47,489	138,802	—	—	—	—	—	—	—
Sea Grant Support	11.417		1,689,725	—	—	—	—	—	—	—	—	1,689,725	—	—
Pass through Program From:														
Texas A & M Foundation - U.S. Department of Commerce	11.431	S080067	32,032	—	—	—	—	—	—	—	—	32,032	—	—
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		2,982,338	—	—	—	2,982,338	—	—	—	—	—	—	—
Pass through Program From:														
GSMFC - Cooperative Fishery Statistics	11.434	EDP-ESF-RB-2010-MSU	4,554	—	—	—	4,554	—	—	—	—	—	—	—
Pass through Program From:														
MDMR - Unalied Management Projects	11.454	09-025	9,387	—	—	—	9,387	—	—	—	—	—	—	—
Habitat Conservation	11.463		597,613	—	—	—	597,613	—	—	—	—	—	—	—
Congressionally Identified Awards and Projects	11.469		8,094,899	—	—	—	—	14,198	—	146,917	—	7,933,784	—	—
Pass through Program From:														
LSU - Congressionally Identified Awards and Projects	11.469	34111	2,900	—	—	—	2,900	—	—	—	—	—	—	—
National MS River Museum & Aquarium - U.S. Department of Commerce	11.469	USM-GM002717	11,956	—	—	—	—	—	—	—	—	11,956	—	—
Total CFDA	11.469		8,109,755	—	—	—	2,900	14,198	—	146,917	—	7,945,740	—	—
Pass through Program From:														
MS Department of Marine Resources - U.S. Department of Commerce	11.473	S08USM-MASCGGOMA-03	19,448	—	—	—	—	—	—	—	—	19,448	—	—
Texas A & M Foundation - U.S. Department of Commerce	11.473	S080072	59,413	—	—	—	—	—	—	—	—	59,413	—	—
Total CFDA	11.473		78,861	—	—	—	—	—	—	—	—	78,861	—	—
Pass through Program From:														
MS Department of Marine Resources - U.S. Department of Commerce	11.481	09-037	18,687	—	—	—	—	—	—	—	—	18,687	—	—
Measurement and Engineering Research and Standards	11.609		8,215	—	—	—	—	—	—	—	—	8,215	—	—
Pass through Program From:														
MEP of MS - Manufacturing Extension Partnership	11.611	MEP of MS 09090911	10,299	—	—	—	10,299	—	—	—	—	—	—	—
Mississippi Technology Alliance - U.S. Department of Commerce	11.611	MEP2010-7	50,206	—	—	—	—	—	—	—	—	50,206	—	—
Total CFDA	11.611		60,505	—	—	—	10,299	—	—	—	—	50,206	—	—
Congressionally-Identified Projects	11.617		1,000,000	—	—	—	—	—	—	—	—	1,000,000	—	—
Pass through Program From:														
UM Res Found-Doc	11.617	60NANB6D6134	469,131	—	—	—	—	—	—	469,131	—	—	—	—
Total CFDA	11.617		1,469,131	—	—	—	—	—	—	469,131	—	1,000,000	—	—
Public Works and Economic Development Grants Cluster														
Economic Adjustment Assistance	11.307		149,721	—	—	—	—	—	—	—	—	149,721	—	—
Total Public Works and Economic Development Grants Cluster			149,721	—	—	—	—	—	—	—	—	149,721	—	—
Total U.S. Department of Commerce			15,433,448	—	—	47,489	3,745,893	14,198	—	616,048	—	11,009,820	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of Defense:														
U.S. Department of Defense	12.000		\$ 1,899,803	—	—	—	222,947	—	—	1,676,856	—	—	—	—
Pass through Program From:														
Dynetics - US Dept of Defense	12.000	Dynetics	120,146	—	—	—	120,146	—	—	—	—	—	—	—
TACS NI 2006-1149209	12.000	2006-1149209-000	365,555	—	—	—	—	—	—	365,555	—	—	—	—
Booz Allen Hamil Mit	12.000	96771NBS41	299,950	—	—	—	—	—	—	299,950	—	—	—	—
Potomac Inst / DOD	12.000	S08-07	3,759	—	—	—	—	—	—	3,759	—	—	—	—
OSU Nsep U631006	12.000	U631006-OSU-CHN-QIN	24,688	—	—	—	—	—	—	24,688	—	—	—	—
US DOD Nsep 09-10	12.000	U634005	106,377	—	—	—	—	—	—	106,377	—	—	—	—
US DOD Nsep	12.000	W9137B-06-P-0145	39,109	—	—	—	—	—	—	39,109	—	—	—	—
University of Minnesota - CFD Modeling on White Missile Range	12.000	DAAD19-01-2-0014	3,073	—	—	3,073	—	—	—	—	—	—	—	—
Total CFDA	12.000		<u>2,862,460</u>	—	—	<u>3,073</u>	<u>343,093</u>	—	—	<u>2,516,294</u>	—	—	—	—
Pass through Program From:														
2009 MS Jr Science	12.431	W911NF-04-1-0001	15,097	—	—	—	—	—	—	15,097	—	—	—	—
Pass through Program From:														
National Flag Lang	12.551	NSEP-U631006-UM-CHN	450,053	—	—	—	—	—	—	450,053	—	—	—	—
Mathematical Sciences Grants Program	12.901		86,905	—	—	—	—	—	—	86,905	—	—	—	—
Total U.S. Department of Defense			<u>3,414,515</u>	—	—	<u>3,073</u>	<u>343,093</u>	—	—	<u>3,068,349</u>	—	—	—	—
U.S. Department of Housing and Urban Development:														
Pass through Program From:														
East Biloxi Coord R&R - US Dept of Housing and Urban Development	14.000	Holly Street Housing	35,550	—	—	—	35,550	—	—	—	—	—	—	—
Back Bay Mission - US Dept of Housing and Urban Development	14.000	10030241	20,022	—	—	—	20,022	—	—	—	—	—	—	—
Ox HUD Innov Center	14.000	B-06-SP-MS-0544	143,598	—	—	—	—	—	—	143,598	—	—	—	—
(ARRA) Lutheran Episcopal Services in MS - U.S. Dept of Housing & Urban	14.000		32,271	—	—	—	—	—	—	—	—	32,271	—	—
(ARRA) Mississippi United to End Homelessness - U.S. Dept of Housing & Urban	14.000	0232IDS0232	42,220	—	—	—	—	—	—	—	—	42,220	—	—
Total CFDA	14.000		<u>273,661</u>	—	—	—	<u>55,572</u>	—	—	<u>143,598</u>	—	—	<u>74,491</u>	—
Supportive Housing for Persons with Disabilities	14.181		34,623	—	—	—	—	—	—	—	—	34,623	—	—
Pass through Program From:														
Ox-HUD Innov & Outreach	14.219	B-04-SP-MS-0383	68,000	—	—	—	—	—	—	68,000	—	—	—	—
Mississippi Development Authority - U.S. Dept of Housing & Urban Development	14.219	R112-T0009-KT	9,857	—	—	—	—	—	—	—	—	9,857	—	—
City of Jackson - 08-09 Continuinz Education Learning	14.219		5,021	—	—	5,021	—	—	—	—	—	9,857	—	—
Total CFDA	14.219		<u>82,878</u>	—	—	<u>5,021</u>	—	—	—	<u>68,000</u>	—	—	<u>9,857</u>	—
Supportive Housing Program	14.235		265,477	25,500	—	—	—	—	—	—	—	239,977	—	—
Pass through Program From:														
City of Jackson - U.S. Dept of Housing & Urban Development	14.239	M04-M280200	2,569	—	—	—	—	—	—	—	—	2,569	—	—
Mississippi Home Corporation - U.S. Dept of Housing & Urban Development	14.239		23,121	—	—	—	—	—	—	—	—	23,121	—	—
Mississippi Home Corporation - U.S. Dept of Housing & Urban Development	14.239		44,259	—	—	—	—	—	—	—	—	44,259	—	—
Total CFDA	14.239		<u>69,949</u>	—	—	—	—	—	—	—	—	<u>69,949</u>	—	—
* Community Development Block Grants/Brownfields Economic Development Initiative	14.246		3,421,361	—	—	—	3,293,511	127,850	—	—	—	—	—	—
Pass through Program From:														
Gulf Coast Renaissance Corporation - U.S. Dept of Housing & Urban Development	14.248		4,966	—	—	—	—	—	—	—	—	4,966	—	—
Mississippi Development Authority - U.S. Dept of Housing & Urban Development	14.248		56,059	—	—	—	—	—	—	—	—	56,059	—	—
Total CFDA	14.248		<u>61,025</u>	—	—	—	—	—	—	—	—	<u>61,025</u>	—	—
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		29,062	—	—	—	—	—	29,062	—	—	—	—	—
Pass through Program From:														
Mississippi Home Corporation - U.S. Dept of Housing & Urban Development	14.316		9,360	—	—	—	—	—	—	—	—	9,360	—	—
Fair Housing Initiatives Program	14.408		101	—	—	—	—	—	—	—	—	101	—	—
CDBG - State Administered Small Cities Program Cluster														
Community Development Block Grants/State's Program	14.228		679,728	—	—	—	—	—	—	—	—	—	—	679,728
Pass through Program From:														
MDA - Community Development Block Grants/States Program	14.228	R116-055A-LTW	215,620	—	—	—	215,620	—	—	—	—	—	—	—
City of Hattiesburg - U.S. Dept of Housing & Urban Development	14.228		3,164	—	—	—	—	—	—	—	—	3,164	—	—
Mississippi Development Authority - U.S. Dept of Housing & Urban Development	14.228	N1807-09-018-USM01	1,049,813	—	—	—	—	—	—	—	—	1,049,813	—	—
Total CDBG - State Administered Small Cities Program Cluster			<u>1,948,325</u>	—	—	—	<u>215,620</u>	—	—	—	—	<u>1,052,977</u>	—	<u>679,728</u>
Total U.S. Department of Housing and Urban Development			<u>6,195,822</u>	25,500	—	<u>5,021</u>	<u>3,564,703</u>	<u>127,850</u>	<u>29,062</u>	<u>211,598</u>	—	<u>1,552,360</u>	—	<u>679,728</u>
U.S. Department of Interior:														
U.S. Department of Interior	15.000		79,023	—	—	—	79,023	—	—	—	—	—	—	—
Pass through Program From:														
MS Band of Choctaw Indians- US Dept of Interior	15.000	9101018	23,438	—	—	—	23,438	—	—	—	—	—	—	—
Puerto Rico - US Dept of Interior	15.000	2009-001426	25,389	—	—	—	25,389	—	—	—	—	—	—	—
MS Choctaw Indians - US Dept of Interior	15.000	06121053	82,155	—	—	—	82,155	—	—	—	—	—	—	—
Total CFDA	15.000		<u>210,005</u>	—	—	—	<u>210,005</u>	—	—	—	—	—	—	—
Cultural Resource Management	15.224		51	—	—	—	—	—	—	—	—	51	—	—
Pass through Program From:														
MS Department of Marine Resources - U.S. Department of Interior	15.426	MS.R.747	207,200	—	—	—	—	—	—	—	—	207,200	—	—
MS Department of Marine Resources - U.S. Department of the Interior	15.426	CIAP MS.R.741	109	—	—	—	—	—	—	—	—	109	—	—
Total CFDA	15.426		<u>207,309</u>	—	—	—	—	—	—	—	—	<u>207,309</u>	—	—
Fish and Wildlife Management Assistance	15.608		196,732	—	—	—	196,732	—	—	—	—	—	—	—
Assistance to State Wtare Resources Research Institutes	15.805		638	638	—	—	—	—	—	—	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: Amview-US Geo 09	15.815	08HQGR0157	\$ 34,276	—	—	—	—	—	—	34,276	—	—	—	—
Fish and Wildlife Cluster														
Puerto Rico DNER - Sport Fish Restoration Program	15.605	2010-001577	186,063	—	—	—	186,063	—	—	—	—	—	—	—
Total Fish and Wildlife Cluster			186,063	—	—	—	186,063	—	—	—	—	—	—	—
Total U.S. Department of Interior			835,074	638	—	—	592,800	—	—	34,276	—	207,360	—	—
U.S. Department of Justice:														
U.S. Department of Justice:	16.000		142,346	—	—	—	139,558	—	—	2,788	—	—	—	—
Pass through Program From:														
MDPSP - US Dept of Justice	16.000	05SV4012	12,265	—	—	—	12,265	—	—	—	—	—	—	—
MDPSP - US Dept of Justice	16.000	09-UA-401-1	2,681	—	—	—	2,681	—	—	—	—	—	—	—
City of Hattiesburg - U.S. Department of Justice	16.000	GM003569	5,586	—	—	—	—	—	—	—	—	5,586	—	—
MSU DOJ 2008-Dd-Bx	16.000	062900-363937-01	40,800	—	—	—	—	—	—	40,000	—	—	—	—
Total CFDA	16.000		202,878	—	—	—	154,504	—	—	42,788	—	5,586	—	—
Pass through Program From: Forrest County Board of Supervisors - U.S. Department of Justice	16.523	GM002816	13,252	—	—	—	—	—	—	—	—	13,252	—	—
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		145,876	—	—	89,683	—	—	—	56,193	—	—	—	—
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540		38,726	—	—	—	—	—	—	—	—	38,726	—	—
Pass through Program From:														
MDPS-DOJ 2005-JF-Fx	16.540	2005-JB-FX-0047	63	—	—	—	—	—	—	63	—	—	—	—
PSP / DOJ 2006-JF-Fx	16.540	2006-JF-FX-0053	1,089	—	—	—	—	—	—	1,089	—	—	—	—
Total CFDA	16.540		39,878	—	—	—	—	—	—	1,152	—	38,726	—	—
Pass through Program From: City of Hattiesburg - U.S. Department of Justice	16.548		5,830	—	—	—	—	—	—	—	—	5,830	—	—
* Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		2,178,870	44,551	—	—	—	—	—	2,189,288	—	(54,969)	—	—
Pass through Program From:														
DPS DOJ 2004-WF-Ax	16.588	04SC4111	65,070	—	—	—	—	—	—	65,070	—	—	—	—
DOJ DPS 2005WF-Ax	16.588	05SC4111	21,780	—	—	—	—	—	—	21,780	—	—	—	—
Mississippi Department of Public Safety - Violence Against Women Formula Grants	16.588	2004-FW-AX-K028	90,831	—	—	—	—	—	—	—	90,831	—	—	—
Total CFDA	16.588		177,681	—	—	—	—	—	—	86,850	90,831	—	—	—
Public Safety Partnership and Community Policing Grants	16.710		289,915	—	—	—	—	—	—	—	—	289,915	—	—
Pass through Program From:														
MS Department of Public Safety - Hurricane Relief Grant	16.710	06H14312	32,957	32,957	—	—	—	—	—	—	—	—	—	—
Total CFDA	16.710		322,872	32,957	—	—	—	—	—	—	—	289,915	—	—
Pass through Program From: MS Department of Public Safety - Justice Assistance Grant	16.738	06HL4331	246	246	—	—	—	—	—	—	—	—	—	—
Congressionally Recommended Awards	16.753		447,347	—	—	—	—	—	—	243,752	—	203,595	—	—
(ARRA) U.S. Department of Justice - DOJ 2009-Sn-B9	16.800		170,720	—	—	—	—	—	—	170,720	—	—	—	—
(ARRA) Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		132,267	—	—	—	—	—	—	—	—	132,267	—	—
Total U.S. Department of Justice			3,837,717	77,754	—	89,683	154,504	—	—	2,790,743	90,831	634,202	—	—
U.S. Department of Labor:														
WIA Pilots, Demonstrations, and Research Projects	17.261		450,573	—	—	—	—	—	54,049	—	—	396,524	—	—
Workforce Investment Act (WIA) Cluster														
Pass through Program From:														
(ARRA) MDES - WIA Adult Program	17.258	MDES 9-S85-014-6528-1	51,936	—	—	—	51,936	—	—	—	—	—	—	—
Total Workforce Investment Act (WIA) Cluster			51,936	—	—	—	51,936	—	—	—	—	—	—	—
Total U.S. Department of Labor			502,509	—	—	—	51,936	—	54,049	—	—	396,524	—	—
U.S. Department of State:														
Pass through Program From: Irex - US Dept State	19.000	S-ECAAE-09-CA-036	3,857	—	—	—	—	—	—	3,857	—	—	—	—
Total U.S. Department of State			3,857	—	—	—	—	—	—	3,857	—	—	—	—
U.S. Department of Transportation:														
U.S. Department of Transportation	20.000		7,558	—	—	7,558	—	—	—	—	—	—	—	—
Pass through Program From:														
MDOT - US Dept of Transportation	20.000	105803 155000 S8#232 WA2007-23	15,550	—	—	—	15,550	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MDOT 104985 101000	102,439	—	—	—	102,439	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	105011 102000	—	—	—	—	—	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	HWV-MSU-07-055	55,320	—	—	—	55,320	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	SPR-1(54)/105366 117000	18,274	—	—	—	18,274	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MOA with MDOT South Campus Entrance	22,780	—	—	—	22,780	—	—	—	—	—	—	—
MDOT - US Dept of Transportation	20.000	MOA with MDOT North Campus Entrance	50,283	—	—	—	50,283	—	—	—	—	—	—	—
Fence Project (MDOT)	20.000	Fence Project (MDOT)	1,584	—	—	—	1,584	—	—	—	—	—	—	—
Office of Highway Safety - U.S. Department of Transportation	20.000	08-PT-412-1	(7,038)	—	—	—	—	—	—	—	—	(7,038)	—	—
Office of Highway Safety - U.S. Department of Transportation	20.000	10-PT-412-1	312,702	—	—	—	—	—	—	—	—	312,702	—	—
Office of Highway Safety - U.S. Department of Transportation	20.000	10-OP-412-1	210,240	—	—	—	—	—	—	—	—	210,240	—	—
Mississippi Department of Transportation - MCT2 2009	20.000	USDOT FEDERAL HWY	158,765	—	—	—	158,765	—	—	—	—	—	—	—
Mississippi Department of Transportation - MCT2 2010	20.000	USDOT FEDERAL HWY	86,604	—	—	—	86,604	—	—	—	—	—	—	—
Mississippi Department of Transportation - MCT2 Main	20.000		322	—	—	—	322	—	—	—	—	—	—	—
Mississippi Department of Public Safety 0 NHTSA 402 FY09 Roadway Safety	20.000	09-RS-400-01	1,601	—	—	—	1,601	—	—	—	—	—	—	—
Total CFDA	20.000		1,036,984	—	—	254,850	266,230	—	—	—	—	515,904	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Airport Improvement Program	20.106		\$ 959,473							959,473				
Public Transportation Research	20.514		274,835			274,835								
Highway Planning and Construction Cluster														
Highway Planning and Construction	20.205		30,000			30,000								
Total Highway Planning and Construction Cluster			30,000			30,000								
Highway Safety Cluster														
Pass through Program From:														
MDPSP - State and Community Highway Safety	20.600	10-TA-401-01	49,821				49,821							
Mississippi Department of Transportation - U.S. Department of Transportation	20.600		137,024									137,024		
Office of Highway Safety - U.S. Department of Transportation	20.600	09-OP-412-1	79,811										79,811	
Office of Highway Safety - U.S. Department of Transportation	20.600	09-PT-412-1	79,135											79,135
Office of Highway Safety - U.S. Department of Transportation	20.600	09-TA-412-2	75,141											75,141
Office of Highway Safety - U.S. Department of Transportation	20.600	10-TA-412-2	125,380											125,380
PSP DOT NHISA-54	20.600	NHISA-54	162,807							162,807				
Mississippi Department of Public Safety - nhisa 402 roadway safety	20.600	08-RS-400-1	58			58								
Total CFDA	20.600		709,177			58	49,821			162,807		496,491		
Pass through Program From:														
MDPSP - Alcohol Traffic Safety and Drunk Driving Prevention	20.601	09-AL-401-01	30,248				30,248							
MDPSP - Alcohol Traffic Safety and Drunk Driving Prevention	20.601	10-PT-401-01	102,117				102,117							
Total CFDA	20.601		132,365				132,365							
Pass through Program From:														
City of Oxford-MDOT	20.610	SRTPSP-0360	20,995							20,995				
Total Highway Safety Cluster			862,537			58	182,186			183,802		496,491		
Total U.S. Department of Transportation			3,163,829			559,743	448,416			1,143,275		1,012,395		
Appalachian Regional Commission:														
Appalachian Regional Commission	23.000		35,533				35,533							
Pass through Program From:														
Appalachian Regional Commission	23.000	MS-16375-09	17,395				17,395							
Total CFDA	23.000		52,928				52,928							
Appalachian Regional Development	23.001		126,383				126,383							
Appalachian Area Development	23.002		230,029				230,029							
Pass through Program From:														
Noxubee Co SD - Appalachian Supplements to Federal Grant-in-Aid (Community	23.002	Noxubee Co SD 10070652	10,897				10,897							
Total CFDA	23.002		240,926				240,926							
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011		74,616					74,616						
Pass through Program From:														
Delta Regional Authority - Appalachian Research, Technical Assistance, and	23.011	Delta Regional Authority	107,792				107,792							
Demonstration Projects														
East TN State Univ - Appalachian Research, Technical Assistance, and	23.011	East TN State Univ 220009-14	4,000				4,000							
Demonstration Projects														
Total CFDA	23.011		186,408				111,792	74,616						
Total Appalachian Regional Commission			606,645				532,029	74,616						
Library of Congress:														
Library of Congress	42.000		2,969							2,969				
Total Library of Congress			2,969							2,969				
National Aeronautics and Space Administration:														
National Aeronautics and Space Administration	43.000		1,040,285		10,923	3,877				1,025,485				
Pass through Program From:														
National Aeronautics and Space Admin - National Aeronautics and Space Admin	43.000	NNS10AA04T	11,813									11,813		
Will Technology, Inc. - Michael P. Anderson Explorers Program	43.000	10-0006	12,051			12,051								
Total CFDA	43.000		1,064,149		10,923	15,928				1,025,485		11,813		
Aerospace Education Services Program	43.001		1,630,755				23,213			921,966		685,576		
Pass through Program From:														
STSI NASA	43.001	HST-ED-90302.01 A	2,556							2,556				
NASA Space Grant	43.001		9,467						9,467					
Total CFDA	43.001		1,642,778				23,213		9,467	924,522		685,576		
Total National Aeronautics and Space Administration			2,706,927		10,923	15,928	23,213		9,467	1,950,007		697,389		
National Endowment for the Humanities:														
Pass through Program From:														
MS Arts Commission - National Endowment for the Arts	45.000	10-76-A/PG	4,000				4,000							
Southern Arts Federation - National Endowment for the Arts	45.000	Southern Arts Federation 09121299	2,047				2,047							
Mississippi Arts Commission - National Endowment for the Arts	45.000	10-34-AE/PG	3,946									3,946		
Mississippi Arts Commission - National Endowment for the Arts	45.000	10-87-MH/PG	4,681										4,681	
Mississippi Arts Commission - National Endowment for the Arts	45.000	10-271-AE/PG	3,721										3,721	
Mississippi Arts Commission - National Endowment for the Arts	45.000	10-241-AE/PG	4,750										4,750	
Mississippi Arts Commission - National Endowment for the Arts	45.000	10-511-A/LU	4,500										4,500	
Mississippi Humanities Council - National Endowment for the Humanities	45.000	MHC-RG09-08-062	2,200										2,200	
Mississippi Humanities Council - National Endowment for the Humanities	45.000	MHC-RG09-08-061	2,978										2,978	
Mississippi Humanities Council - National Endowment for the Humanities	45.000	MHC-RG09-08-070	1,100										1,100	
Mississippi Humanities Council - National Endowment for the Humanities	45.000		3,500										3,500	
M&C NEA 10-70-A/PG	45.000	NEA 10-70-A/PG	4,250							4,250				
Total CFDA	45.000		41,673				6,047			4,250		31,376		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Federal Sponsor / Project Title / Pass - Through Entity</u>	<u>CFDA</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total 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>
Promotion of the Arts-Grants to Organizations and Individuals	45.024		\$ 59,748	—	16,632	—	34,596	—	—	5,150	—	3,370	—	—
Pass through Program From:														
Arts Midwest - National Endowment for the Arts	45.024		11,895	—	—	—	—	—	—	—	—	11,895	—	—
Total CFDA	45.024		71,643	—	16,632	—	34,596	—	—	5,150	—	15,265	—	—
Pass through Program From:														
Southern Arts Federation - National Endowment for the Arts	45.025	3588/2010	5,308	—	—	—	—	—	—	—	—	5,308	—	—
So Arts 3791 / NEA	45.025	3791 / 2010	2,073	—	—	—	—	—	—	2,073	—	—	—	—
(ARRA) Mississippi Arts Commission - National Endowment for the Arts	45.025	10-371-AI/ARI	6,200	—	—	—	—	—	—	—	—	6,200	—	—
(ARRA) Mississippi Arts Commission - National Endowment for the Arts	45.025	10-374-AI/ARI	2,637	—	—	—	—	—	—	—	—	2,637	—	—
Total CFDA	45.025		16,218	—	—	—	—	—	—	2,073	—	14,145	—	—
Pass through Program From:														
Mississippi Humanities Council - National Endowment for the Humanities	45.129	MHC-RG07-05-119	2,010	—	—	—	—	—	—	—	—	2,010	—	—
Mississippi Humanities Council - National Endowment for the Humanities	45.129	MHC-RG09-08-	20,134	—	—	—	—	—	—	—	—	20,134	—	—
MHC-RG09-08 / NEH	45.129	MHC-RG09-08-	5,000	—	—	—	—	—	—	5,000	—	—	—	—
Mississippi Humanities Council - 4th Annual Creative Arts Festival: The Sit-In	45.129	MHC-RG10-08-085	900	—	—	900	—	—	—	—	—	—	—	—
Movement and Student Activism Fifty Years Later	45.129		28,044	—	—	900	—	—	—	5,000	—	22,144	—	—
Total CFDA			159,985	—	159,985	—	—	—	—	—	—	—	—	—
Promotion of the Humanities-Professional Development	45.163		167,009	—	—	—	—	—	—	167,009	—	—	—	—
National Leadership Grants	45.312		359	—	—	—	—	—	—	—	—	359	—	—
Laura Bush 21st Century Librarian Program	45.313		484,931	—	176,617	900	40,643	—	—	183,482	—	83,289	—	—
Total National Endowment for the Humanities			2,358,572	105,714	—	545,514	274,794	68,353	—	1,243,022	—	121,175	—	—
U.S. Small Business Administration:	59.000		7,014	—	—	—	7,014	—	—	—	—	—	—	—
U.S. Small Business Administration	59.000		9,600	—	—	—	—	—	—	—	—	9,600	—	—
Pass through Program From:														
Mississippi Technology Alliance - U.S. Small Business Administration	59.000	MTA-SBA-0903 -	360	—	—	—	—	—	—	—	—	360	—	—
Mississippi Technology Alliance - U.S. Small Business Administration	59.000	MTA-SBA 2006	20,085	—	—	—	—	—	—	—	—	20,085	—	—
Mississippi Technology Alliance - U.S. Small Business Administration	59.000	MTA-SBA-0904	2,395,631	105,714	—	545,514	281,808	68,353	—	1,243,022	—	151,220	—	—
Mississippi Technology Alliance - U.S. Small Business Administration	59.000	MTA-SBA-0906	1,017,243	—	—	—	—	—	—	1,017,243	—	—	—	—
Total CFDA	59.000		(12,007)	(12,007)	—	—	—	—	—	—	—	—	—	—
Small Business Development Centers	59.037		3,400,867	93,707	—	545,514	281,808	68,353	—	2,260,265	—	151,220	—	—
Southwest Mississippi Minority	59.049		28,081	—	—	—	28,081	—	—	—	—	—	—	—
Total U.S. Small Business Administration			28,081	—	—	—	28,081	—	—	—	—	—	—	—
Tennessee Valley Authority:	62.000		118,987	—	—	—	—	—	—	79,938	39,049	—	—	—
Tennessee Valley Authority	62.000		118,987	—	—	—	—	—	—	79,938	39,049	—	—	—
Total Tennessee Valley Authority			118,987	—	—	—	—	—	—	79,938	39,049	—	—	—
U.S. Veterans Administration:	64.000	586D80038	9,596	—	—	—	9,596	—	—	—	—	—	—	—
U.S. Veterans Administration	64.000		69,419	—	—	—	69,419	—	—	—	—	—	—	—
Pass through Program From:														
MDEQ US Dept of Transportation	66.000	09-01020	41,558	—	—	—	41,558	—	—	—	—	—	—	—
MDEQ -EPA	66.000	07-00794	3,149	—	—	—	—	—	—	—	—	3,149	—	—
MDAC BPI - EPA	66.000	BPI 09040458	123,722	—	—	—	120,573	—	—	—	—	—	—	—
Gulf of Mexico Alliance - U.S. Environmental Protection Agency	66.000	BTNEP09-14	127	—	—	—	127	—	—	—	—	—	—	—
Total CFDA	66.000		185,355	—	—	—	185,355	—	—	—	—	—	—	—
National Clean Diesel Emissions Reduction Program	66.039		41,008	—	—	—	41,008	—	—	—	—	—	—	—
Congressionally Mandated Projects	66.202		24,974	—	—	—	24,974	—	—	—	—	—	—	—
Pass through Program From:														
MDEQ - Targeted Watershed Grants	66.439	06-00732	3,917	—	—	—	3,917	—	—	—	—	—	—	—
Pass through Program From:														
Ducks Unlimited, Inc. - Nonpoint Source Implementation Grants	66.460	US-MS-99-1	28,891	—	—	—	28,891	—	—	—	—	—	—	—
MDEQ - Nonpoint Source Implementation Grants	66.460	10-0001MSU-03	20,079	—	—	—	—	—	—	—	—	20,079	—	—
Total CFDA	66.460		74,161	—	—	—	—	—	—	—	—	74,161	—	—
Pass through Program From:														
MDEQ - Performance Partnership Grants	66.605	09-01043	33,017	—	—	—	33,017	—	—	—	—	—	—	—
Surveys, Studies, Investigations and Special Purpose Grants	66.606		72,454	—	—	—	—	—	—	—	—	72,454	—	—
National Community-Based Lead Outreach and Training Grant Program	66.718		598,969	—	—	—	429,126	—	—	—	—	169,843	—	—
Total Environmental Protection Agency			130,059	130,059	—	—	—	—	—	—	—	—	—	—
U.S. Nuclear Regulatory Commission:	77.006		147,121	147,121	—	—	—	—	—	—	—	—	—	—
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		277,180	277,180	—	—	—	—	—	—	—	—	—	—
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008													
Total U.S. Nuclear Regulatory Commission														

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
U.S. Department of Energy: Office of Science Financial Assistance Program	81.049		\$ 1,435,181	—	—	1,435,181	—	—	—	—	—	—	—	—
Pass through Program From: Southern Forest Research Partnership - Renewable Energy Research and Development	81.087	Southern Forest Research Partnership	2,505	—	—	—	2,505	—	—	—	—	—	—	—
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical	81.117		61,521	—	—	—	61,521	—	—	—	—	—	—	—
Total U.S. Department of Energy			1,499,207	—	—	1,435,181	64,026	—	—	—	—	—	—	—
U.S. Department of Education: Pass through Program From: IHL -US Dept of Education	84.000	08020130	(6)	—	—	—	(6)	—	—	—	—	—	—	—
New Jersey Dept of HS -US Dept of Education	84.000	New Jersey Dept of HS	(1,233)	—	—	—	(1,233)	—	—	—	—	—	—	—
Center for Civic Ed - US Dept of Education	84.000	INT7-5747MS	890	—	—	—	890	—	—	—	—	—	—	—
MDRS - US Dept of Education	84.000	09-331-11000-132	18	—	—	—	18	—	—	—	—	—	—	—
MSDH - US Dept of Education	84.000	20000ITO	119	—	—	—	119	—	—	—	—	—	—	—
MDRS - US Dept of Education	84.000	09-331-7000-002	(1,022)	—	—	—	(1,022)	—	—	—	—	—	—	—
DeSoto County SD - US Dept of Education	84.000	09030338	(524)	—	—	—	(524)	—	—	—	—	—	—	—
Choctaw County SD - US Dept of Education	84.000	09020255	1,190	—	—	—	1,190	—	—	—	—	—	—	—
Rankin County SC - US Dept of Education	84.000	09040414	(1,046)	—	—	—	(1,046)	—	—	—	—	—	—	—
NCEE - US Dept of Education	84.000	is-0801480	10,262	—	—	—	10,262	—	—	—	—	—	—	—
Cr for Civic Ed - US Dept of Education	84.000	Q304K070001 RDA8-9	103	—	—	—	103	—	—	—	—	—	—	—
MDE - US Dept of Education	84.000	MDE 09112349	107,443	—	—	—	107,443	—	—	—	—	—	—	—
MDRS - US Dept of Education	84.000	MDRS 10-331-7000-002	357,348	—	—	—	357,348	—	—	—	—	—	—	—
MS Band of Choctaw Indians - US Dept of Education	84.000	MS Band of Choctaw Indians 09121391	236	—	—	—	236	—	—	—	—	—	—	—
MSDH - US Dept of Education	84.000	MSDH 20000ITO	5,799	—	—	—	5,799	—	—	—	—	—	—	—
Center for Civic Ed - US Dept of Education	84.000	INT8-5747MS	13,561	—	—	—	13,561	—	—	—	—	—	—	—
MDRS - US Dept of Education	84.000	10-331-11000-132	37,116	—	—	—	37,116	—	—	—	—	—	—	—
Pontotoc CS - US Dept of Education	84.000	Pontotoc CS 10010069	16,784	—	—	—	16,784	—	—	—	—	—	—	—
Calhoun County SD - US Dept of Education	84.000	Calhoun County SD 10010076	14,936	—	—	—	14,936	—	—	—	—	—	—	—
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020168	13,577	—	—	—	13,577	—	—	—	—	—	—	—
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020169	14,678	—	—	—	14,678	—	—	—	—	—	—	—
Aberdeen SD - US Dept of Education	84.000	Aberdeen SD 10020170	18,588	—	—	—	18,588	—	—	—	—	—	—	—
Center for Civic Ed - US Dept of Education	84.000	Center for Civic Ed	15,289	—	—	—	15,289	—	—	—	—	—	—	—
Center for Civic Ed - US Dept of Education	84.000	Center for Civic Ed	31,353	—	—	—	31,353	—	—	—	—	—	—	—
MDRS - US Dept of Education	84.000	10-653-1100-550	4,268	—	—	—	4,268	—	—	—	—	—	—	—
MS Band of Choctaw Indians - US Dept of Education	84.000	MS Band of Choctaw Indians 08010065	4,984	—	—	—	4,984	—	—	—	—	—	—	—
Hattiesburg Public School District - U.S. Department of Education	84.000		43,872	—	—	—	—	—	—	—	—	43,872	—	—
Mississippi Department of Education - U.S. Department of Education	84.000	073201EA08BB264640-2	399,683	—	—	—	—	—	—	—	—	399,683	—	—
Mississippi Department of Education - U.S. Department of Education	84.000		52,078	—	—	—	—	—	—	—	—	52,078	—	—
Mississippi Department of Education - U.S. Department of Education	84.000		31,055	—	—	—	—	—	—	—	—	31,055	—	—
Mississippi Department of Education - U.S. Department of Education	84.000		28,738	—	—	—	—	—	—	—	—	28,738	—	—
Office of Highway Safety - U.S. Department of Education	84.000	07-DF-412-2	148,174	—	—	—	—	—	—	—	—	148,174	—	—
Office of Highway Safety - U.S. Department of Education	84.000	09-DF-412-1	63,029	—	—	—	—	—	—	—	—	63,029	—	—
MS State Board of Community & Jr. Colleges - 2008 Remedial Education	84.000		9,483	—	—	9,483	—	—	—	—	—	—	—	—
Total CFDA	84.000		1,440,823	—	—	9,483	664,711	—	—	—	—	766,629	—	—
Pass through Program From: MS State Board of Community & Jr. Colleges - 2010 Remedial Education	84.002		108,758	—	—	108,758	—	—	—	—	—	—	—	—
Pass through Program From: MDE - Migrant Education-State Grant Program	84.011	10/3201/EA09/8239/B058/001	799,629	—	—	—	799,629	—	—	—	—	—	—	—
Pass through Program From: FL Div. of Blind Services - Services for Children with Deaf-Blindness	84.025	08100850	8	—	—	—	8	—	—	—	—	—	—	—
Higher Education-Institutional Aid - CCRAA-Title III	84.031		15,961,877	4,473,148	—	7,469,574	—	—	3,869,088	—	—	150,067	—	—
Leveraging Educational Assistance Partnership (LEAP)	84.069		410,425	—	—	48,395	34,360	—	2,500	24,756	5,914	29,853	264,647	—
Patricia Roberts Harris Fellowship Program	84.094		4,079	—	—	—	4,079	—	—	—	—	—	—	—
Fund for the Improvement of Postsecondary Education	84.116		1,878,749	—	—	—	385,590	—	—	757,155	—	736,004	—	—
Minority Science and Engineering Improvement	84.120		326,021	—	—	326,021	—	—	—	—	—	—	—	—
Rehabilitation Long-Term Training	84.129		223,743	—	—	180,100	43,643	—	—	—	—	—	—	—
Migrant Education-High School Equivalency Program	84.141		442,769	—	—	—	—	—	442,769	—	—	—	—	—
Pass through Program From: MDE - Migrant Education Coordination Program	84.144	09/3201/EA09/8239/B058/001	352,815	—	—	—	352,815	—	—	—	—	—	—	—
Paul Douglas Teacher Scholarship Program	84.176		487	—	—	—	—	—	—	—	—	—	487	—
Safe and Drug-Free Schools and Communities-National Programs	84.184		357,950	—	—	—	90,621	—	—	—	—	267,329	—	—
Pass through Program From: MSU USDOE Q184Z09	84.184	560109-361079-02	21,943	—	—	—	—	—	—	21,943	—	—	—	—
Total CFDA	84.184		379,893	—	—	—	90,621	—	—	21,943	—	267,329	—	—
Pass through Program From: Office of Highway Safety - U.S. Department of Education	84.186	08-DF-412-1	22,834	—	—	—	—	—	—	—	—	22,834	—	—
Graduate Assistance in Areas of National Need	84.200		311,706	—	—	—	133,354	—	—	170,342	—	8,010	—	—
Fund for the Improvement of Education	84.215		525,322	—	—	—	165,889	—	—	24,257	—	335,176	—	—
Pass through Program From: Lamar County Schools - U.S. Department of Education	84.215	GM002907	13,372	—	—	—	—	—	—	—	—	13,372	—	—
Total CFDA	84.215		538,694	—	—	—	165,889	—	—	24,257	—	348,548	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: MDRS State Grants for Assistive Technology	84.224	09-331-1800-010	\$ 19,266	—	—	—	19,266	—	—	—	—	—	—	—
MDRS - State Grants for Assistive Technology	84.224	MDRS 10-331-1800-010	5,171	—	—	—	5,171	—	—	—	—	—	—	—
Total CFDA	84.224		24,437	—	—	—	24,437	—	—	—	—	—	—	—
21st Century Community Learning Center Pass through Program From: Mississippi Department of Education - FY2010 21st CCLC	84.287	CL10-8301	3,974	—	—	—	—	—	3,974	—	—	—	—	—
Total CFDA	84.287		191,497	—	—	191,497	—	—	—	—	—	—	—	—
Pass through Program From: Corp Public Broadcasting -Ready-To-Learn Television	84.295	11196	8,264	—	—	—	8,264	—	—	—	—	—	—	—
Pass through Program From: Center for Civic Ed - Civic Education - Cooperative Education Exchange Program	84.304	CC09-10 5805MS	4,660	—	—	—	4,660	—	—	—	—	—	—	—
Pass through Program From: Mississippi Department of Education - U.S. Department of Education	84.323		380,874	—	—	—	—	—	—	—	—	380,874	—	—
Special Education - Personnel Development to Improve Services and Results for Children Pass through Program From: Jackson Public School District - 2010 - 2011 Supplemental Education State & Federal Program	84.325		729,865	—	—	602,475	—	—	—	—	—	127,390	—	—
Total CFDA	84.325		2,000	—	—	2,000	—	—	—	—	—	—	—	—
Special Education-Technical Assistance and Dissemination to Improve Services and Results	84.326		731,865	—	—	604,475	—	—	—	—	—	127,390	—	—
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations	84.333		145,229	—	—	—	—	—	—	—	—	145,229	—	—
Gaining Early Awareness and Readiness for Undergraduate Programs (GearUp)	84.334		(836)	—	—	—	—	—	—	—	—	(836)	—	—
Child Care Access Means Parents in School	84.335		3,078,488	—	—	—	—	—	—	—	—	—	3,078,488	—
Transition to Teaching - Local Projects Pass through Program From: University of Louisiana at Monroe - JSU Teach Delta Region Project	84.350		261,271	—	—	—	104,251	—	—	—	—	157,020	—	—
Total CFDA	84.350		381,743	—	—	—	381,743	—	—	—	—	—	—	—
Pass through Program From: Kennedy Center - Arts in Education (B)	84.351	Kennedy Center 09111231	503,897	—	—	503,897	—	—	—	—	—	—	—	—
Total CFDA	84.350		885,640	—	—	503,897	381,743	—	—	—	—	—	—	—
Pass through Program From: Reading is Fundamental, Inc. - U.S. Department of Education	84.357	B010	13,398	—	—	—	13,398	—	—	—	—	—	—	—
Total CFDA	84.357	B011	154	—	—	—	—	—	—	—	—	154	—	—
Pass through Program From: MDE - Mathematics and Science Partnerships (B)	84.366	103201EA084640BB29-05	14,209	—	—	—	—	—	—	—	—	14,209	—	—
Mississippi Department of Education - 2010 - 2013 Math and Science Partnership	84.366	103201EA084640BB29-04	14,363	—	—	—	—	—	—	—	—	14,363	—	—
Mississippi Department of Education - Mathematics and Science Partnership	84.366	073200EA08BB26464001	66,729	—	—	—	66,729	—	—	—	—	—	—	—
MDE - Mathematics and Science Partnership	84.366	103201EA084640BB29-03	77,324	—	—	—	—	—	—	77,324	—	—	—	—
Total CFDA	84.366		94,824	—	—	94,824	—	—	—	—	—	—	—	—
Improving Teacher Quality State Grants	84.367		176,582	—	—	176,582	—	—	—	—	—	—	—	—
Pass through Program From: Mdec - USDE	84.368	07-3201-6213-B874-EA08-001	140,279	—	—	—	140,279	—	—	—	—	—	—	—
College Access Challenge Grant Program	84.378		555,738	—	—	271,406	207,008	—	—	77,324	—	—	853,728	—
(ARRA) Mississippi Department of Education - U.S. Department of Education	84.391		46,954	—	—	—	—	—	—	46,954	—	—	—	—
(ARRA) Mississippi Department of Education - U.S. Department of Education	84.392		907,790	—	—	—	—	—	—	—	—	907,790	—	—
U.S. Department of Education Pass through Program From: University of California - Alcorn Writing Project 02	84.928	92-MS07	47,422	—	—	—	—	—	—	—	—	47,422	—	—
Univ of CA - National Writing Project	84.928	02030241 NWP	30,089	—	—	—	—	—	—	—	—	30,089	—	—
Univ of California - National Writing Project	84.928	92-MS03	149,963	—	—	—	—	—	—	51,240	—	98,723	—	—
Univ of California - National Writing Project	84.928	Univ of California Writing Project	26,795	26,795	—	—	—	—	—	—	—	—	—	—
Total CFDA	84.928		13,766	—	—	—	13,766	—	—	—	—	—	—	—
Pass through Program From: Center for Civic Ed -Civic Education	84.929	CC 07-08 5801MS	31,983	—	—	—	31,983	—	—	—	—	—	—	—
Center for Civic Ed - National Writing Project	84.929	CC08-09 5804MS	18,640	—	—	—	18,640	—	—	—	—	—	—	—
Center for Civic Ed - National Writing Project	84.929	CC08-09 5801MS	18,640	—	—	—	18,640	—	—	—	—	—	—	—
Total CFDA	84.929		241,147	26,795	—	—	64,389	—	—	51,240	—	98,723	—	—
Hurricane Education Recovery	84.938		15	—	—	—	15	—	—	—	—	—	—	—
Center for Civic Ed - National Writing Project	84.929	CC08-09 5804MS	236	—	—	—	236	—	—	—	—	—	—	—
Total CFDA	84.929		12,337	—	—	—	12,337	—	—	—	—	—	—	—
Early Intervention Services (IDEA) Cluster Pass through Program From: Mississippi State Department of Health - U.S. Department of Education	84.181		1,325,273	—	—	—	—	—	—	—	—	1,325,273	—	—
MS DOH-US DOED B20	84.181	B20-26P	197	—	—	—	—	—	—	—	—	197	—	—
MS DOH-US DOED FY10	84.181		6,116	—	—	—	—	—	—	—	—	6,116	—	—
Total CFDA	84.181		995	—	—	—	—	—	—	995	—	—	—	—
Pass through Program From: (ARRA) MSDH - Special Education - Grants for Infants and Families, Recovery Act	84.393	ARRA MSDH 10030324	90,466	—	—	—	—	—	—	—	—	90,466	—	—
(ARRA) State of Mississippi - U.S. Department of Education	84.393		97,774	—	—	—	—	—	—	91,461	—	6,313	—	—
(ARRA) MS DOH US DOED	84.393	H393A090034	33,548	—	—	—	33,548	—	—	—	—	—	—	—
(ARRA) MS DOH US DOED	84.393		4,722	—	—	—	—	—	—	—	—	4,722	—	—
(ARRA) MS DOH US DOED	84.393		41,873	—	—	—	—	—	—	41,873	—	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
(ARRA) Mississippi State Department of Health - U.S. Dept of Health and Human Services	84.393	200000IT0	\$ 81,610	—	—	—	—	—	—	—	—	81,610	—	—
Total CFDA	84.393		161,753	—	—	—	33,548	—	—	41,873	—	86,332	—	—
Total Early Intervention Services (IDEA) Cluster			259,527	—	—	—	33,548	—	—	133,334	—	92,645	—	—
Educational Technology State Grants Cluster														
Education Technology State Grants	84.318		200,622	—	—	—	200,622	—	—	—	—	—	—	—
Pass through Program From:														
MDE - Education Technology State Grants	84.318	073201EA08-BB264640-03	535,783	—	—	—	535,783	—	—	—	—	—	—	—
Total Educational Technology State Grants Cluster	84.318		736,405	—	—	—	736,405	—	—	—	—	—	—	—
Independent Living Services for Older Individuals who are Blind Cluster														
MO Rehab Services for Blind-Rehabilitation Services Independent Living Services for	84.177	MO Rehab Services for Blind	193	—	—	—	193	—	—	—	—	—	—	—
Total Independent Living Services for Older Individuals who are Blind Cluster	84.177		193	—	—	—	193	—	—	—	—	—	—	—
Special Education (IDEA) Cluster														
Pass through Program From:														
Forrest County Schools - U.S. Department of Education	84.027		26,705	—	—	—	—	—	—	—	—	26,705	—	—
MDE - Special Education Preschool Grants	84.173	MDE IDEA Preschool FY10	9,413	—	—	—	9,413	—	—	—	—	—	—	—
(ARRA) Osd Idea	84.391	Z21103611	9,601	—	—	—	—	—	—	9,601	—	—	—	—
(ARRA) MDE - Special Education - Preschool Grants, Recovery Act	84.392	ARRA-MDE-IDEA FY10	5,740	—	—	—	5,740	—	—	—	—	—	—	—
Total Special Education (IDEA) Cluster			51,459	—	—	—	15,153	—	—	9,601	—	26,705	—	—
State Fiscal Stabilization Fund Cluster														
Pass through Program From:														
(ARRA) State Fiscal Stabilization Fund (SFSP) - Education State Grants	84.394	MS Dept of Finance and Administration	35,471,215	1,495,827	1,691,631	2,985,681	8,925,054	1,155,947	1,163,781	6,036,033	5,394,622	6,622,639	—	—
Total State Fiscal Stabilization Fund Cluster			35,471,215	1,495,827	1,691,631	2,985,681	8,925,054	1,155,947	1,163,781	6,036,033	5,394,622	6,622,639	—	—
TRIO Cluster:														
TRIO-Student Support Services	84.042		1,152,120	365,953	—	—	224,707	—	—	281,689	—	279,771	—	—
TRIO-Talent Search	84.044		329,242	—	—	—	—	—	—	329,242	—	—	—	—
TRIO-Upward Bound	84.047		1,204,295	329,833	—	250,428	—	—	—	624,034	—	—	—	—
TRIO-McNair Post-Baccalaureate Achievement	84.217		694,065	—	—	240,679	—	—	—	236,299	—	217,087	—	—
Total Trio Cluster			3,379,722	695,786	—	491,107	224,707	—	—	1,234,965	—	496,858	—	—
Title I, Part A Cluster														
Statewide School District - US Dept of Education	84.010	Statewide School District	89,331	—	—	—	89,331	—	—	—	—	—	—	—
Pass through Program From:														
(ARRA) Professional Dev Awards - Title I Grants to Local Educational Agencies	84.389	ARRA Prof Dev Awards < \$25,000	7,821	—	—	—	7,821	—	—	—	—	—	—	—
(ARRA) Yazoo Co SD - Title I Grants to Local Educational Agencies, Recovery Act	84.389	ARRA: Yazoo Co SD 10060599	25,277	—	—	—	25,277	—	—	—	—	—	—	—
(ARRA) Prof Dev Awards - Title I Grants to Local Educational Agencies, Recovery Act	84.389	ARRA Prof Dev Awards< \$25,000 Inst	3,449	—	—	—	3,449	—	—	—	—	—	—	—
(ARRA) Osd Title I	84.389	5389A090024	18,802	—	—	—	—	—	—	18,802	—	—	—	—
Total CFDA	84.389		55,349	—	—	—	36,547	—	—	18,802	—	—	—	—
Total Title I, Part A Cluster			144,680	—	—	—	125,878	—	—	18,802	—	—	—	—
Vocational Rehabilitation Cluster														
Pass through Program From:														
MN Services for the Blind -Rehabilitation Services Vocational Rehabilitation Grants	84.126	06080723	832	—	—	—	832	—	—	—	—	—	—	—
(ARRA) MDRS - US Dept of Education	84.126	10-653-1100-550	420	—	—	—	420	—	—	—	—	—	—	—
Total Vocational Rehabilitation Cluster			1,252	—	—	—	1,252	—	—	—	—	—	—	—
Total U.S. Department of Education			73,011,365	6,691,556	1,691,631	13,190,394	13,557,376	1,155,947	6,717,077	7,608,040	5,400,536	11,893,668	5,105,140	—
Delta Regional Authority:														
Pass through Program From:														
Delta Reg MS-5080	90.201	MS-5080	119,836	—	—	—	—	—	—	119,836	—	—	—	—
Total Delta Regional Authority			119,836	—	—	—	—	—	—	119,836	—	—	—	—
U.S. Department of Health and Human Services:														
U.S. Department of Health and Human Service	93.000		2,101	—	—	—	—	—	—	2,101	—	—	—	—
Pass through Program From:														
MS Head Start - US Dept of Health and Human Services	93.000	MS Head Start 10030296	13,745	—	—	—	13,745	—	—	—	—	—	—	—
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.000		14,381	—	—	—	—	—	—	—	—	14,381	—	—
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.000		7,969	—	—	—	—	—	—	—	—	7,969	—	—
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.000		91,990	—	—	—	—	—	—	—	—	91,990	—	—
MS Council on Developmental Disabilities - U.S. Dept of Health and Human Services	93.000	4535-RE-DD09-USM/2	23,037	—	—	—	—	—	—	—	—	23,037	—	—
MS Protection and Advocacy System, Inc. - U.S. Dept of Health and Human Services	93.000	GM003123	2,936	—	—	—	—	—	—	—	—	2,936	—	—
PACE Headstart - U.S. Dept of Health and Human Services	93.000		11,881	—	—	—	—	—	—	—	—	11,881	—	—
University of Kentucky - U.S. Dept of Health and Human Services	93.000	304685990-06-259	53,676	—	—	—	—	—	—	—	—	53,676	—	—
University of Massachusetts Boston - U.S. Dept of Health and Human Services	93.000	Ref #890	5,348	—	—	—	—	—	—	—	—	5,348	—	—
Mississippi Department of Health - Project Hope	93.000		8,210	—	—	8,210	—	—	—	—	—	—	—	—
University of Alabama Birmingham - Sexually Transmitted Infections Clinical Trials Group	93.000	HHNS266200400073C	6,274	—	—	—	—	—	—	—	6,274	—	—	—
Total CFDA	93.000		241,548	—	—	8,210	13,745	—	—	2,101	—	6,274	211,218	—
Compassion Capitol Fund	93.009		193,264	—	193,264	—	—	—	—	—	—	—	—	—
Pass through Program From:														
MDHS - Community-Based Abstinence Education (CBAE) (B)	93.010	527AF81	19,611	—	—	—	19,611	—	—	—	—	—	—	—
MDHS - Community-Based Abstinence Education (CBAE) (B)	93.010	527AF91	10,558	—	—	—	10,558	—	—	—	—	—	—	—
Total CFDA	93.010		30,169	—	—	—	30,169	—	—	—	—	—	—	—
Pass through Program From:														
MSDH - Public Health Emergency Preparedness	93.069	09121486	6,955	—	—	—	6,955	—	—	—	—	—	—	—
MSDH - Public Health Emergency Preparedness	93.069	09121485	10,948	—	—	—	10,948	—	—	—	—	—	—	—
Total CFDA	93.069		17,903	—	—	—	17,903	—	—	—	—	—	—	—
Maternal and Child Health Federal Consolidated Programs	93.110		210,129	—	—	—	—	—	—	—	—	210,129	—	—
Pass through Program From:														
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.110	1100CMO	17,907	—	—	—	—	—	—	—	—	17,907	—	—
Henophilia of Georgia - Maternal and Child Health Federal Consolidated Program	93.110	SWOG-893	25,108	—	—	—	—	—	—	—	25,108	—	—	—
Henophilia of Georgia - Maternal and Child Health Federal Consolidated Program	93.110	SWOG-893	13,638	—	—	—	—	—	—	—	13,638	—	—	—
Total CFDA	93.110		266,782	—	—	—	—	—	—	—	38,746	228,036	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Community Programs to Improve Minority Health Grant Program	93.137		\$ 5,577,969	10,721	—	—	—	—	—	—	5,567,248	—	—	—
Pass through Program From: Louisiana State University - AIDS Education Training Centers	93.145	IH4AHA0059	324,068	—	—	—	—	—	—	—	324,068	—	—	—
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		473,133	—	—	—	—	—	—	—	473,133	—	—	—
Nursing Workforce Diversity	93.178		49,305	—	—	—	—	—	—	—	—	49,305	—	—
Pass through Program From: Mississippi Department of Human Services - Childhood Lead Poisoning Prevention	93.197	2000LD0	1,035	—	—	—	—	—	—	—	1,035	—	—	—
Research on Healthcare Costs, Quality and Outcomes	93.226		25,894	—	—	—	—	—	—	—	—	25,894	—	—
Pass through Program From: DHA - State Rural Hospital Flexibility Program	93.241	Project #32	151,917	—	—	—	151,917	—	—	—	—	—	—	—
DHA - State Rural Hospital Flexibility Program	93.241	Project DELP #32	449,818	—	—	—	449,818	—	—	—	—	—	—	—
Delta Health Alliance - State Rural Hospital Flexibility Program	93.241	U1FRH07411	3,845,575	—	—	—	—	—	—	—	3,845,575	—	—	—
Total CFDA	93.241		4,447,310	—	—	—	601,735	—	—	—	3,845,575	—	—	—
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		92,992	4,814	—	—	54,305	—	—	—	—	—	33,873	—
Pass through Program From: Oxford-Sambha-Bise	93.243	IH79T1019628-01	91,512	—	—	—	—	—	—	91,512	—	—	—	—
Mississippi Department of Mental Health - MS Underage Drinking Alcohol/Drug	93.243	7A61-JSU-SPP-SIG-08	34,353	—	—	34,353	—	—	—	—	—	—	—	—
Total CFDA	93.243		218,857	4,814	—	34,353	54,305	—	—	91,512	—	—	33,873	—
Advanced Nursing Education Grant Program	93.247		639,835	—	23,871	—	—	—	—	—	344,974	270,990	—	—
Poison Center Support and Enhancement Grant Program	93.253		134,105	—	—	—	—	—	—	—	134,105	—	—	—
Pass through Program From: Board UA CDC NIOSH	93.262	000286477-011	18,592	—	—	—	—	—	—	18,592	—	—	—	—
Nurse Faculty Loan Program (NFLP)	93.264		58,971	—	—	—	—	—	—	—	12,135	46,836	—	—
Drug Free Communities Support Program Grants	93.276		23,399	—	—	23,399	—	—	—	—	—	—	—	—
Centers for Disease Control and Prevention Affordable Care Act (ACA) Communities Putting Prevention	93.283		1,903,506	—	1,113,287	—	—	—	—	—	790,219	—	—	—
Pass through Program From: MSDH - Centers for Disease Control and Prevention Investigations	93.283	5000BT0	34,169	—	—	—	34,169	—	—	—	—	—	—	—
MSDH - Centers for Disease Control and Prevention Investigations	93.283	10000CAO	2,496	—	—	—	2,496	—	—	—	—	—	—	—
Mississippi State Department of Health - U.S. Dept of Health and Human Services	93.283	40000TCCO	158	—	—	—	—	—	—	—	—	158	—	—
MSU CDC I1U50DP0018	93.283	I1U50DP001811	19,868	—	—	—	—	—	—	19,868	—	—	—	—
Total CFDA	93.283		1,960,197	—	1,113,287	—	36,665	—	—	19,868	790,219	158	—	—
Minority Health and Health Disparities Research	93.307		73,784	73,784	—	—	—	—	—	—	—	—	—	—
Advanced Nursing Education Traineeships	93.358		44,776	36,506	—	—	—	—	—	—	759	7,511	—	—
Nurse Education, Practice and Retention Grants	93.359		1,123,875	—	—	—	—	—	—	—	369,091	754,784	—	—
National Center for Research Resources	93.389		452,174	—	—	—	—	—	—	452,174	—	—	—	—
Pass through Program From: MFGN - NIH	93.389		143	—	—	—	—	—	—	143	—	—	—	—
Total CFDA	93.389		452,317	—	—	—	—	—	—	452,317	—	—	—	—
National Health Service Corps, Scholarship Program	93.400		12,514	—	—	—	—	—	—	—	—	—	12,514	—
ARRA - Scholarships for Disadvantaged Students	93.407		296,370	—	—	—	—	—	—	62,902	233,468	—	—	—
ARRA - Nurse Faculty Loan Program	93.408		20,607	—	—	—	—	—	—	—	20,607	—	—	—
Ruminant Feed Ban Support Project	93.449		230,159	—	—	—	230,159	—	—	—	—	—	—	—
Pass through Program From: Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.556	525D301	528,880	—	—	—	—	—	—	—	—	528,880	—	—
Pass through Program From: Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.566	525D381A	214,742	—	—	—	—	—	—	—	—	214,742	—	—
Pass through Program From: MDMH - Development Disabilities Basic Support and Advocacy	93.630	4599-TR-DD09-MSU	24,058	—	—	—	24,058	—	—	—	—	—	—	—
MDMH - Development Disabilities Basic Support and Advocacy	93.630	4605-ED-DD09-TK-MSU	61,205	—	—	—	61,205	—	—	—	—	—	—	—
Mississippi Department of Mental Health - U.S. Dept of Health and Human Services	93.630	4536-ED-DD09-USM2	22,097	—	—	—	—	—	—	—	—	22,097	—	—
MS Council on Developmental Disabilities - U.S. Dept of Health and Human Services	93.630	4612-CS-DD10-USM/IDS	83,011	—	—	—	—	—	—	—	—	83,011	—	—
Total CFDA	93.630		190,371	—	—	—	85,263	—	—	—	—	105,108	—	—
Developmental Disabilities Projects of National Significance	93.631		334,793	—	—	—	—	—	—	—	—	334,793	—	—
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		471,063	—	—	—	—	—	—	—	—	471,063	—	—
Pass through Program From: MS Department of Rehabilitation Services - U.S. Dept of Health and Human Services	93.667	08-331-7000-200	617	—	—	—	—	—	—	—	—	617	—	—
MS Department of Rehabilitation Services - U.S. Dept of Health and Human Services	93.667	07-331-7000-100A	24,805	—	—	—	—	—	—	—	—	24,805	—	—
Mississippi Department of Human Services - Rick Comey Summer Camp	93.667	528V181A	21,261	—	—	21,261	—	—	—	—	—	—	—	—
Mississippi Department of Human Services - Social Services Block Grant	93.667	SSBG	(2,230)	—	—	—	—	—	—	—	(2,230)	—	—	—
Mississippi Department of Human Services - Social Services Block Grant	93.667	526V181	36,698	—	—	—	—	—	—	—	36,698	—	—	—
Total CFDA	93.667		81,151	—	—	21,261	—	—	—	—	34,468	25,422	—	—
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		100,134	—	—	—	—	—	—	—	—	100,134	—	—
Area Health Education Centers Infrastructure Development Awards	93.824		793,531	—	—	—	—	—	—	—	793,531	—	—	—

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Cardiovascular Diseases Research	93.837		\$ 35,419	—	—	35,419	—	—	—	—	—	—	—	—
Pass through Program From:														
University of Minnesota - Arthritis, Musculoskeletal and Skin Disease Research	93.846	R01AR055267	720	—	—	—	—	—	—	—	720	—	—	—
Biomedical Research and Research Training	93.859		93,498	93,498	—	—	—	—	—	—	—	—	—	—
Pass through Program From:														
Indiana University Purdue University - Bridges to the Doctorate	93.859	IR25GM67592	1,261	—	—	1,261	—	—	—	—	—	—	—	—
Indiana University Purdue University - Bridges to the Doctorate	93.859	R25GM067592	88,235	—	—	88,235	—	—	—	—	—	—	—	—
Total CFDA	93.859		182,994	93,498	—	89,496	—	—	—	—	—	—	—	—
Child Health and Human Development Extramural Research	93.865		31,576	—	—	—	—	—	—	—	—	31,576	—	—
Medical Library Assistance	93.879		3,466	—	—	3,466	—	—	—	—	—	—	—	—
Grants for Training in Primary Care Medicine and Dentistry	93.884		283,595	—	—	—	—	—	—	—	283,595	—	—	—
Health Care and Other Facilities	93.887		1,179,533	—	—	—	—	—	—	1,179,533	—	—	—	—
Pass through Program From:														
Mississippi State Department of Health - National Bioterrorism Hospital Preparedness	93.889	50000BT0	38,555	—	—	—	—	—	—	—	38,555	—	—	—
Mississippi State Department of Health - National Bioterrorism Hospital Preparedness	93.889	50000BT0	235,455	—	—	—	—	—	—	—	235,455	—	—	—
Mississippi State Department of Health - National Bioterrorism Hospital Preparedness	93.889	50000BT0	101,964	—	—	—	—	—	—	—	101,964	—	—	—
Total CFDA	93.889		375,974	—	—	—	—	—	—	—	375,974	—	—	—
Family and Community Violence Prevention Program	93.910		100,369	—	—	—	—	—	—	—	—	100,369	—	—
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider	93.912		316,907	—	261,499	—	—	—	—	55,408	—	—	—	—
Pass through Program From:														
DHA HRSA FCS	93.912	U1FRH07411	220,294	—	—	—	—	—	—	220,294	—	—	—	—
Delta Health Alliance - Rural Health Care Services Outreach and Rural Health Network Development	93.912	D60RH08555	201,927	—	—	—	—	—	—	—	201,927	—	—	—
Total CFDA	93.912		739,128	—	261,499	—	—	—	—	275,702	201,927	—	—	—
Pass through Program From:														
MSDH - Grants to States for Operation of Offices of Rural Health	93.913	10080735	19,164	—	—	—	19,164	—	—	—	—	—	—	—
Mississippi State Department of Health - Grants to States for Operation of Offices of Rural Health	93.913	50000PDO	1,431	—	—	—	—	—	—	—	1,431	—	—	—
Total CFDA	93.913		20,595	—	—	—	19,164	—	—	—	1,431	—	—	—
Pass through Program From:														
Mississippi State Department of Health - HIV Care Formula Grants	93.917	40000AD0	274,159	—	—	—	—	—	—	—	274,159	—	—	—
Mississippi State Department of Health - HIV Care Formula Grants	93.917	40000AD0	486,243	—	—	—	—	—	—	—	486,243	—	—	—
Mississippi State Department of Health - HIV Care Formula Grants	93.917	40000AD0	23,002	—	—	—	—	—	—	—	23,002	—	—	—
Mississippi State Department of Health - HIV Care Formula Grants	93.917	40000AD0	253,497	—	—	—	—	—	—	—	253,497	—	—	—
Total CFDA	93.917		1,036,901	—	—	—	—	—	—	—	1,036,901	—	—	—
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		532,228	—	—	—	—	—	—	—	532,228	—	—	—
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924		279,134	—	—	—	—	—	—	—	279,134	—	—	—
Special Projects of National Significance	93.928		59,629	—	—	—	—	—	—	—	59,629	—	—	—
Pass through Program From:														
University of Southern California - HIV Demonstration, Research, Public and Professional Education Projects	93.941	U61CCU922095	4,349	—	—	—	—	—	—	—	4,349	—	—	—
Bridges to Baccalaureate	93.960		82	—	—	82	—	—	—	—	—	—	—	—
Pass through Program From:														
Mississippi State Department of Health - Maternal and Child Health Services Block Grant to the State	93.994	20000HD0	3,432	—	—	—	—	—	—	—	3,432	—	—	—
CCDF Cluster:														
Pass through Program From:														
MDHS - Child Care and Development Block Grant	93.575	527Q7494A	163,259	—	—	—	163,259	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7493A	132,554	—	—	—	132,554	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7403	348,336	—	—	—	348,336	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7404	1,354,772	—	—	—	1,354,772	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7691	10,153	—	—	—	10,153	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527W561	(163)	—	—	—	(163)	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7482A	61,976	—	—	—	61,976	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7491A	124,361	—	—	—	124,361	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	MDHA 527Q7485 D164	27,407	—	—	—	27,407	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7402	349,887	—	—	—	349,887	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7801	104,759	—	—	—	104,759	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7501	38,941	—	—	—	38,941	—	—	—	—	—	—	—
MDHS - Child Care and Development Block Grant	93.575	527Q7502	24,503	—	—	—	24,503	—	—	—	—	—	—	—
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.575	525Q7491A/525Q7401	352,702	—	—	—	—	—	—	—	352,702	—	—	—
Mississippi Department of Human Services - 2009 CCDF	93.575	528Q7491A	145,141	—	—	145,141	—	—	—	—	—	—	—	—
Mississippi Department of Human Services - 2010 CCDF	93.575	528Q7801	115,194	—	—	115,194	—	—	—	—	—	—	—	—
Total CFDA	93.575		3,353,782	—	—	260,335	2,740,745	—	—	—	—	352,702	—	—
Pass through Program From:														
(ARRA) MDHS - Child Care and Development Block Grant CCDBG	93.713	ARRA MDHS 527AR891	705,751	—	—	—	705,751	—	—	—	—	—	—	—
(ARRA) MDHS - Child Care and Development Block Grant CCDBG	93.713	ARRA MDHS 527AR892	81,828	—	—	—	81,828	—	—	—	—	—	—	—
Total CFDA	93.713		787,579	—	—	—	787,579	—	—	—	—	—	—	—
Total CCDF Cluster			4,141,361	—	—	260,335	3,528,324	—	—	—	—	352,702	—	—
TANF Cluster:														
Pass through Program From:														

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.558	\$25W191	141,285	—	—	—	—	—	—	—	—	141,285	—	—
Mississippi Department of Human Services - U.S. Dept of Health and Human Services	93.558	\$25W101	229,106	—	—	—	—	—	—	—	—	229,106	—	—
Total TANF Cluster			<u>370,391</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>370,391</u>	<u>—</u>	<u>—</u>
Head Start Cluster:														
Head Start	93.600		435,830	274,312	31,548	129,970	—	—	—	—	—	—	—	—
Total Head Start Cluster			<u>435,830</u>	<u>274,312</u>	<u>31,548</u>	<u>129,970</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Medicaid Cluster:														
Pass through Program From: (ARRA) Medicaid Funds (FMAP) - Mississippi Department of Finance and Adm	93.778		14,243,448	—	—	—	—	—	—	14,243,448	—	—	—	—
Total Medicaid Cluster			<u>14,243,448</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,243,448</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total U.S. Department of Health and Human Services Corporation for National and Community Service: State Commissions	94.003		43,731,557	493,635	1,623,469	605,991	4,617,432	—	—	2,102,527	30,012,204	4,276,299	—	—
94.003			<u>231,833</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>231,833</u>
Pass through Program From: Northern Kentucky University - Corp for National and Community Service	94.005	NK2007-024	2,700	—	—	—	—	—	—	—	—	2,700	—	—
94.005			<u>2,700</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,700</u>	<u>—</u>	<u>—</u>
AmeriCorps (ARRA) AmeriCorps	94.006		6,166,660	—	—	—	—	—	—	84,523	—	—	—	6,082,137
94.006			<u>309,734</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>309,734</u>
* Total CFDA	94.006		<u>6,476,394</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>84,523</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,391,871</u>
Program Development and Innovation Grants	94.007		170,906	—	—	—	—	—	—	—	—	—	—	170,906
94.007			<u>170,906</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>170,906</u>
Training and Technical Assistance	94.009		136,172	—	—	—	—	—	—	—	—	—	—	136,172
94.009			<u>136,172</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>136,172</u>
Pass through Program From: MCVS - Literacy Corps	94.010	08AC082426	51,723	—	—	—	—	51,723	—	—	—	—	—	—
94.010			<u>51,723</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>51,723</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Volunteers in Service to America (ARRA) Volunteers in Service to America	94.013		306,197	—	266,185	—	—	—	—	—	—	3,361	—	36,651
94.013			<u>204,027</u>	<u>—</u>	<u>204,027</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36,651</u>
* Total CFDA	94.013		<u>510,224</u>	<u>—</u>	<u>470,212</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,361</u>	<u>—</u>	<u>36,651</u>
Foster Grandparent/Senior Companion Cluster:														
Foster Grandparent Program	94.011		202,466	—	—	—	—	—	—	—	—	202,466	—	—
94.011			<u>202,466</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>202,466</u>	<u>—</u>	<u>—</u>
Total Foster Grandparent/Senior Companion Cluster			<u>202,466</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>202,466</u>	<u>—</u>	<u>—</u>
Total Corporation for National and Community Service			<u>7,782,418</u>	<u>—</u>	<u>470,212</u>	<u>—</u>	<u>—</u>	<u>51,723</u>	<u>—</u>	<u>84,523</u>	<u>—</u>	<u>208,527</u>	<u>—</u>	<u>6,967,433</u>
U.S. Department of Homeland Security:														
Pass through Program From: UT-Battelle - Dept of Homeland Security	97.000	4000079563	93,450	—	—	—	93,450	—	—	—	—	—	—	—
97.000		8HS600	<u>11,294</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,294</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
MS Homeland Security - US Dept of Homeland Security	97.000		(166)	—	—	—	—	—	—	—	—	—	—	—
97.000		07HS421	<u>(166)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.000		9,060	—	—	—	—	—	—	—	—	9,060	—	—
97.000		A6LE421	<u>9,060</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,060</u>	<u>—</u>	<u>—</u>
Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.000		197,919	—	—	—	—	—	—	—	—	197,919	—	—
97.000		08HS421	<u>170,983</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>170,983</u>	<u>—</u>	<u>—</u>
MS Commission for Volunteer Services - U.S. Department of Homeland Security	97.000	MCVS-MCMC-2010-008	482,540	—	—	—	104,744	—	—	—	—	377,796	—	—
97.000			<u>482,540</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>104,744</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>377,796</u>	<u>—</u>	<u>—</u>
Centers for Homeland Security	97.061		40,655	—	—	—	—	—	40,655	—	—	—	—	—
97.061			<u>40,655</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>40,655</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Pass through Program From: Center for Excellence Disaster Response-Homeland Security	97.061		81,310	—	—	—	—	—	81,310	—	—	—	—	—
97.061			<u>81,310</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>81,310</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
U.S. Department of Homeland Security	97.068		985,686	—	—	—	—	—	—	—	—	985,686	—	—
97.068			<u>985,686</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>985,686</u>	<u>—</u>	<u>—</u>
Hurricane Katrina Case Management Initiative Program	97.084		9,552,950	—	—	—	—	—	—	—	—	—	—	9,552,950
97.084			<u>9,552,950</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,552,950</u>
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career	97.104		122,171	—	—	122,171	—	—	—	—	—	—	—	—
97.104			<u>122,171</u>	<u>—</u>	<u>—</u>	<u>122,171</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Pass through Program From: Texas AgriLife Research - FAZD Center Graduate Fellowship	97.104	06-503895	16,117	—	—	16,117	—	—	—	—	—	—	—	—
97.104			<u>138,288</u>	<u>—</u>	<u>—</u>	<u>138,288</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total CFDA			<u>138,288</u>	<u>—</u>	<u>—</u>	<u>138,288</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Pass through Program From: UT-Battelle - Lab on a Chip for Rapid	97.108	4000076788	166,275	166,275	—	—	—	—	—	—	—	—	—	—
97.108			<u>24,499</u>	<u>166,275</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
UT-Battelle - Analysis of Weapons Mass	97.108	4000055451	24,499	—	—	—	—	—	—	—	—	—	—	—
97.108			<u>24,499</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
* Total CFDA			<u>190,774</u>	<u>166,275</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Pass through Program From: MS Commission for Volunteer Services - U.S. Department of Homeland Security	97.109	MCMC 01-2009	29,494	—	—	—	—	—	—	—	—	29,494	—	—
97.109			<u>29,494</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,494</u>	<u>—</u>	<u>—</u>
Hazard Mitigation Grants Cluster:														
Pass through Program From: IHL - Hazard Mitigation Grant (B)	97.039	2009-0077E	53,513	—	—	—	53,513	—	—	—	—	—	—	—
97.039			<u>251,940</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>251,940</u>	<u>—</u>	<u>—</u>
MEMA - Disaster Resistant University Hazard Mitigation Grants	97.039		12,000	—	—	—	—	—	—	—	—	12,000	—	—
97.039			<u>12,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,000</u>	<u>—</u>	<u>—</u>
Mississippi Forestry Commission - U.S. Department of Homeland Security	97.039		4,642	—	—	—	—	—	—	4,642	—	—	—	—
97.039		1604-229	<u>4,642</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,642</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
MEMA / FEMA Dru Mit	97.039		316,515	—	—	—	—	—	—	316,515	—	—	—	—
97.039		1604-245	<u>316,515</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>316,515</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
FEMA Emergency Generators	97.039		51,780	—	51,780	—	—	—	—	—	—	—	—	—
97.039			<u>51,780</u>	<u>—</u>	<u>51,780</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Hazard Mitigation Grant	97.039		690,390	—	—	—	53,513	—	—	321,157	—	12,000	251,940	—
97.039			<u>690,390</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>53,513</u>	<u>—</u>	<u>—</u>	<u>321,157</u>	<u>—</u>	<u>12,000</u>	<u>251,940</u>	<u>—</u>
Total Hazard Mitigation Grants Cluster			<u>690,390</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>53,513</u>	<u>—</u>	<u>—</u>	<u>321,157</u>	<u>—</u>	<u>12,000</u>	<u>251,940</u>	<u>—</u>
Homeland Security Grant Cluster:														
Pass through Program From: Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.004	ASHS421	(704)	—	—	—	—	—	—	—	—	(704)	—	—
97.004			<u>(704)</u>	<u>—</u>	<u>—</u>	<u>—</u>								

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Federal Sponsor / Project Title / Pass - Through Entity	CFDA	Pass-through Entity Identifying Number	Total Expenditures	ASU	DSU	JSU	MSU	MUW	MVSU	UM	UMMC	USM	IHL Board Office	MCVS
Pass through Program From: Mississippi Department of Public Safety - U.S. Department of Homeland Security	97.073	S6LE421	\$ 7,486	—	—	—	—	—	—	—	—	7,486	—	—
Total Homeland Security Grant Cluster			149,777	—	—	—	—	—	—	—	—	149,777	—	—
Public Assistance Grant Cluster:			1,305,681	—	—	—	—	—	—	—	—	1,305,681	—	—
MS Emergency Management Agency - U.S. Department of Homeland Security	97.036		1,305,681	—	—	—	—	—	—	—	—	1,305,681	—	—
Total Public Assistance Grant Cluster			1,305,681	—	—	—	—	—	—	—	—	1,305,681	—	—
Total U.S. Department of Homeland Security			13,606,890	190,774	51,780	138,288	158,257	—	81,310	321,157	—	2,860,434	251,940	9,552,950
Total Other including ARRA			194,704,129	10,199,805	4,352,938	16,641,218	33,358,240	1,492,687	7,933,280	26,973,458	36,012,122	35,183,190	5,357,080	17,200,111
Total Expenditures of Federal Awards			\$ 917,005,339	54,704,937	30,553,319	154,283,419	214,059,083	21,212,064	46,555,078	141,812,003	87,611,228	143,657,017	5,357,080	17,200,111

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

* Indicates major program

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(1) Basis of Presentation

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

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

- For purposes of the schedule, loans advanced from the Federal Perkins Loan Program (CFDA #84.038) and Health Profession Student Loans (CFDA #93.342) are presented as federal expenditures. These loans are not reported as expenditures on the IHL System's financial statements, but as an increase in notes receivables. The outstanding loan balances and the allowance for uncollectible amounts for the loan programs at June 30, 2010, are presented in note 4 to the financial statements.
- For purposes of this schedule, loans made to students under the William D. Ford Direct Student Loan Program (CFDA #84.268) and/or the Federal Family Education Loan Program (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the IHL System's financial statements since the loans are made and subsequently collected by private lending institutions and/or the federal government.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(2) Subrecipients

OMB Circular A-133 requires the Schedule of Expenditures of Federal Awards to include, to the extent practical, disclosure of the total amount provided to subrecipients from each Federal program. Major program expenditures presented in the schedule account for approximately 95% of the total Federal expenditures for the IHL System. Provided below is the amount of awards provided to subrecipients under federal programs during the year ended June 30, 2010:

CFDA Number	Grant Program	Amount Provided to Subrecipients
	Research and Development Cluster	\$ 36,999,331
10.000	Federal Reserve Bank	72,766
10.305	International Science and Education Grants	1,492
10.574	Team Nutrition Grants	177,462
15.611	Wildlife Restoration	23,027
20.760	University Transportation Centers	29,601
23.001	Appalachian Regional Development	100,760
59.037	Small Business Development Centers	211,895
66.202	Congressionally Mandated Projects	93,709
66.606	Surveys, Studies, Investigations and Special Purpose Grants	24,927
84.011	Migrant Education–State Grant Program	49,926
84.144	M Grant Programs	22,247
84.184	Safe and Drug-Free Schools and Communities_National Programs	34,715
84.287	21st Century Community Learning Centers Program	20,860
84.318	Educational Technology State Grants	49,178
84.325	Personnel Development to Improve Services and Results for Children with Disabilities	16,919
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (GearUp)	504,889
84.350	Transition to Teaching – Local Projects	26,395
84.367	Improving Teacher Quality State Grants	189,308
93.110	Maternal and Child Health Federal Consolidated Programs	40,690
93.137	Community Programs to Improve Minority Health Grant Program	1,560,205
93.241	State Rural Hospital Flexibility Program	389,523
93.247	Advanced Nursing Education Grant Program	71,306
93.630	Developmental Disabilities Basic Support and Advocacy	14,071
93.632	University Centers for Developmental Disabilities Education, Research, and Service	62,048
93.824	Area Health Education Centers Infrastructure Development Awards	284,199
97.039	Hazard Mitigation Grant	129,801
		<u>\$ 41,201,252</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

(1) Summary of Auditors' Results

- (a) The type of report issued on the consolidated financial statements: **Unqualified opinions**
- (b) Significant deficiencies in internal control were disclosed by the audit of the consolidated financial statements: **Yes**

Material weaknesses: **No**

- (c) Noncompliance which is material to the consolidated financial statements: **No**
- (d) Significant deficiencies in internal control over major programs: **Yes, see Finding 2010-02**

Material weaknesses: **No**

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

- (g) Major programs:

CFDA#	Grantor	Program
Various	Various	Student Financial Aid Cluster
Various	Various	Research and Development Cluster
11.469	U.S. Department of Commerce	Congressionally Identified Awards and Projects
16.580	U.S. Department of Justice	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants Program
14.246	U.S. Department of Housing & Urban Development	Community Development Block Grant
Various	U.S. Department of Education	TRIO Cluster
84.031	U.S. Department of Education	Higher Education of Institutional Aid - Title III
Various	U.S. Department of Education	Child Care and Development Fund Cluster
94.006	Corporation for National & Community Service	AmeriCorps
84.394	U.S. Department of Education	State Fiscal Stabilization Cluster
93.778	U.S. Department of Health and Human Services	Medicaid Cluster

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Section 2: Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

Finding 2010-01

ALCORN STATE UNIVERSITY

Educational Building Corporation

During the course of the audit of Alcorn State University for the year ended June 30, 2010, a misstatement was identified in the amount of approximately \$52 million in unreported assets and corresponding liabilities and net assets of Alcorn's Educational Building Corporation (EBC). Each of the eight state-run universities and the University of Mississippi Medical Center have established their own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi). The purpose of these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. During August 2009, Alcorn's EBC issued \$47 million in bond debt related to a student housing construction project. EBC activity prior to fiscal year 2010 was nominal.

Management's original stance was that its EBC represented a separate not-for-profit entity whose accounts were to be tracked separately and not included in the financial statement totals of the University. However, management later concurred with KPMG that since Alcorn State University controls its EBC, it represents a blended component unit of the University as defined by Governmental Accounting Standards and its activity and account balances should be reported in the totals for Alcorn State reported to the IHL for inclusion in the system-wide consolidated financial statements. Management engaged a local accounting firm to compile fiscal year 2010 financial statements based upon the EBC's activity for the fiscal year. The results of the compilation were added into Alcorn State University's fiscal year 2010 financial statements and were communicated to the IHL for inclusion in the system-wide consolidated financial statements.

Due to the nature of the error, KPMG does not believe that there is material exposure to a misstatement related to the EBC in excess of that identified and recorded through the current year audit adjustment. However, KPMG does believe that the oversight of management in the current audit year does represent a control deficiency that adversely affected Alcorn's ability to report financial data in accordance with generally accepted accounting principles such that there was a misstatement of Alcorn's financial statements that was more than inconsequential and was not prevented or detected by the University's internal controls. Accordingly, KPMG concludes that this error represents a significant deficiency of the University.

KPMG recommends that internal controls should be established to prevent future oversight of ancillary activities that would require inclusion in the financial statements. Formal meetings and discussions should be held among key executive personnel to ensure the effective monitoring and oversight of all direct and indirect activities of Alcorn State University in order to address the appropriate accounting treatment for such activities.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Management's response

The President of Alcorn State University has formal meetings with all key executive personnel biweekly to ensure effective monitoring and oversight of all direct and indirect activities of the University, including the EBC. A local accounting firm has been retained to ensure accurate accounting of the EBC activities during the year and to compile financial statements at year end for inclusion in the University's financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Section 3: Findings and Questioned Costs Related to Federal Awards System Wide Deficiency:

Finding 2010-02: *Procurement and Suspension and Debarment*

Finding Type: **Significant Deficiency**

CFDA#: **Various – Research and Development Cluster (Non-ARRA)**
See table below for applicable CFDA numbers.

Applicable Campus: **University of Southern Mississippi**

Federal Award Year: **July 1, 2009 to June 30, 2010**

CFDA #	Program Name	Expenditures
Research and Development Cluster:		
10.000	U.S. Department of Agriculture	\$ 2,007,484
10.001	Agricultural Research-Basic and Applied Research - U.S. Department of Agriculture	14,240,323
10.200	Grants for Agricultural Research, Special Research Grants - U.S. Department of Agriculture	3,638,782
10.206	Grants for Agricultural Research-Competitive Research Grants - U.S. Department of Agriculture	1,364,830
10.664	Cooperative Forestry Assistance - U.S. Department of Agriculture	100,088
11.000	U.S. Department of Commerce	287,800
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System) - U.S. Department of Commerce	1,751,689
11.405	U.S. Department of Commerce	4,008
11.417	Sea Grant Support - U.S. Department of Commerce	1,834,020
11.426	Financial Assistance for National Centers for Coastal Ocean Science - U.S. Department of Commerce	182,057
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program - U.S. Department of Commerce	59,067
11.433	Marine Fisheries Initiative - U.S. Department of Commerce	74,693
11.435	Southeast Area Monitoring and Assessment Program - U.S. Department of Commerce	440,536
11.454	Unallied Management Projects - U.S. Department of Commerce	15,242
11.460	Special Oceanic and Atmospheric Projects - U.S. Department of Commerce	474,203
11.472	Unallied Science Program - U.S. Department of Commerce	31,347
11.473	Coastal Services Center - U.S. Department of Commerce	474,509
11.609	Measurement and Engineering Research and Standards - U.S. Department of Commerce	179,273
11.000	National Aeronautics and Space Admin - U.S. Department of Commerce	282,216
11.000	Institute for Marine Mammal Studies - U.S. Department of Commerce	7,720
11.000	MS Department of Marine Resources - U.S. Department of Commerce	905,700
11.000	National Aeronautics and Space Admin - U.S. Department of Commerce	237,718
11.000	The Chesapeake Research Consortium, Inc. - U.S. Department of Commerce	57
11.431	University Corp. for Atmospheric Research - U.S. Department of Commerce	42,533
11.433	MS Department of Marine Resources - U.S. Department of Commerce	30
11.440	Oregon State University - U.S. Department of Commerce	1,701
11.454	MS Department of Marine Resources - U.S. Department of Commerce	322,566
11.454	The Nature Conservancy - U.S. Department of Commerce	24,264
11.457	Univ of Maryland Biotechnology Institute - U.S. Department of Commerce	11,418

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

CFDA #	Program Name	Expenditures
11.463	Louisiana Universities Marine Consortium - U.S. Department of Commerce	62,165
11.472	Gulf States Marine Fisheries Commission - U.S. Department of Commerce	26,726
11.472	Mote Marine Laboratory - U.S. Department of Commerce	153,238
11.472	MS Department of Marine Resources - U.S. Department of Commerce	835
11.472	North Pacific Research Board - U.S. Department of Commerce	49,937
11.473	MS Department of Marine Resources - U.S. Department of Commerce	32,470
11.473	Texas A & M Foundation - U.S. Department of Commerce	25,253
11.477	MS Department of Marine Resources - U.S. Department of Commerce	24,721
11.481	The Nature Conservancy - U.S. Department of Commerce	13,342
11.611	Mississippi Technology Alliance - U.S. Department of Commerce	939
12.000	U.S. Department of Defense	26,260,524
12.114	Collaborative Research and Development - U.S. Department of Defense	62,385
12.300	Basic and Applied Scientific Research - U.S. Department of Defense	5,993,139
12.431	Basic Scientific Research - U.S. Department of Defense	1,776,118
12.630	Basic, Applied, and Advanced Research in Science and Engineering - U.S. Department of Defense	1,388,623
12.800	Air Force Defense Research Sciences Program - U.S. Department of Defense	410,067
12.000	Mississippi Military Department - U.S. Department of Defense	392,668
12.000	Optech International, Inc - U.S. Department of Defense	629,959
12.000	University of Michigan - U.S. Department of Defense	33,501
12.000	National Aeronautics and Space Admin - U.S. Department of Defense	96,060
12.000	Northrop Grumman - U.S. Department of Defense	35,674
12.000	Universal Technology Corporation - U.S. Department of Defense	59,135
12.401	Mississippi Military Department - U.S. Department of Defense	10,921
12.800	Mandaree Enterprise Corporation - U.S. Department of Defense	1,428,428
14.218	Volkert & Associates, Inc. - U.S. Dept of Housing & Urban Development	103,041
14.219	MS Department of Archives and History - U.S. Dept of Housing & Urban Development	37,963
14.246	Area Development Partnership - U.S. Dept of Housing & Urban Development	241,559
15.000	U.S. Department of Interior	58,263
15.225	Recreation Resource Management - U.S. Department of Interior	75
15.608	Fish and Wildlife Management Assistance - U.S. Department of Interior	341,793
15.632	U.S. Department of the Interior - U.S. Department of Interior	15,434
15.650	Research Grants (Generic) - U.S. Department of Interior	17,176
15.000	MS Department of Marine Resources - U.S. Department of the Interior	256,133
15.000	MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	4,717
15.426	MS Department of Marine Resources - U.S. Department of the Interior	100,847
15.614	MS Department of Marine Resources - U.S. Department of the Interior	477
15.634	Mississippi Museum of Natural Science - U.S. Department of the Interior	833
15.634	MS Dept of Wildlife Fisheries & Parks - U.S. Department of the Interior	69,975
16.550	State Justice Statistics Program for Statistical Analysis Centers -U.S. Department of Justice	51,727
16.753	Congressionally Recommended Awards - U.S. Department of Justice	768,302
43.000	National Aeronautics and Space Administration	1,453,872

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

CFDA #	Program Name	Expenditures
43.001	Aerospace Education Services Program - National Aeronautics and Space Administration	1,079,524
43.002	Technology Transfer - National Aeronautics and Space Administration	2,664,726
43.000	National Aeronautics and Space Admin - National Aeronautics and Space Administration	1,251,924
43.001	National Aeronautics and Space Admin - National Aeronautics and Space Administration	212,913
47.000	National Science Foundation	232,121
47.041	Engineering Grants - National Science Foundation	1,484,137
47.049	Mathematical and Physical Sciences - National Science Foundation	3,274,075
47.050	Geosciences - National Science Foundation	819,076
47.074	Biological Sciences - National Science Foundation	1,607,377
47.075	Social Behavioral and Economic Sciences - National Science Foundation	207,068
47.076	Education and Human Resources - National Science Foundation	9,082,954
47.078	Polar Programs - National Science Foundation	55,075
47.079	International Science and Engineering (OISE) - National Science Foundation	4,747
47.041	University of Florida - National Science Foundation	54,118
47.049	Case Western Reserve University - National Science Foundation	89,031
47.074	Louisiana State University - National Science Foundation	188,430
59.000	U.S. Small Business Administration	560,463
59.007	Technical Assistance - U.S. Small Business Administration	9,713
66.475	Gulf of Mexico Program - U.S. Environmental Protection Agency	179,571
66.000	MS Department of Environmental Quality - U.S. Environmental Protection Agency	63,879
66.000	Tetra Tech - U.S. Environmental Protection Agency	86,546
66.419	MS Department of Environmental Quality - U.S. Environmental Protection Agency	4,066
66.460	FL Dept of Environmental Protection - U.S. Environmental Protection Agency	13,417
66.472	MS Department of Environmental Quality - U.S. Environmental Protection Agency	152,693
66.475	University of South Florida - U.S. Environmental Protection Agency	75,860
81.087	Renewable Energy Research and Development - U.S. Department of Energy	3,548,666
81.113	Defense Nuclear Nonproliferation Research - U.S. Department of Energy	97,186
81.000	Y12 National Security Complex - U.S. Department of Energy	798,118
81.089	Texas A & M - U.S. Department of Energy	9,416
84.200	Graduate Assistance in Areas of National Need - U.S. Department of Education	186,056
84.215	Fund for the Improvement of Education - U.S. Department of Education	746,772
84.215	National Council on Economic Education - U.S. Department of Education	235
93.000	U.S. Department of Health and Human Services	9,134,099
93.242	Mental Health Research Grants - U.S. Department of Health and Human Services	804,202
93.307	Minority Health and Health Disparities Research - U.S. Department of Health and Human Services	1,196,016
93.389	National Center for Research Resources - U.S. Department of Health and Human Services	7,601,966
93.394	Cancer Detection and Diagnosis Research - U.S. Department of Health and Human Services	13,486
93.396	Cancer Biology Research - U.S. Department of Health and Human Services	101,737
93.600	Head Start - U.S. Department of Health and Human Services	13,542
93.837	Cardiovascular Diseases Research - U.S. Department of Health and Human Services	6,871,869
93.839	Blood Diseases and Resources Research - U.S. Department of Health and Human Services	161,158

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

CFDA #	Program Name	Expenditures
93.859	Biomedical Research and Research Training - U.S. Department of Health and Human Services	2,097,559
93.865	Child Health and Human Development Extramural Research - U.S. Department of Health and Human Services	356,282
93.887	Health Care and Other Facilities - U.S. Department of Health and Human Services	1,993,939
93.000	Tugaloo College - U.S. Dept of Health and Human Services	7,319
93.113	EcoArray, LLC - U.S. Dept of Health and Human Services	62,000
93.189	Delta Health Alliance - U.S. Dept of Health and Human Services	98,583
93.241	Delta Health Alliance - U.S. Dept of Health and Human Services	293,234
93.399	University of Alabama at Birmingham - U.S. Dept of Health and Human Services	165,723
97.000	U.S. Department of Homeland Security	3,339,340
97.005	State and Local Homeland Security National Training Program - U.S. Department of Homeland Security	338,168
97.006	U.S. Department of Homeland Security	79,472
97.067	Homeland Security Grant Program - U.S. Department of Homeland Security	97,438
97.000	Mississippi Department of Public Safety - U.S. Department of Homeland Security	17,528
97.061	University of Kentucky - U.S. Department of Homeland Security	18,228

Requirement

Per A-102 Common rule, nonfederal entities receiving federal awards must establish and maintain internal controls to reasonably ensure compliance with federal, laws, regulations, and program compliance requirements. Furthermore, in accordance with OMB Circular-110, recipients of federal awards shall comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension." This common rule restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Condition

During the course of our testwork, KPMG noted that the University of Southern Mississippi (USM) had not established or maintained a system of internal controls to ensure that vendors from which goods and services were procured were excluded from the suspended and debarred vendor listing as disclosed in the Excluded Parties List System maintained by the federal government. No compliance exceptions were noted in our sample.

Questioned Cost

None

Possible Asserted Cause and Effect

Due to a lack of internal control, the potential exists for goods and services to be procured from vendors who are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities resulting in significant questioned costs by the grantee.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Recommendation

We recommend that USM implement and maintain a control procedure designed to operate on at least a quarterly basis to ensure that vendors from which goods and services are procured are excluded from the suspended and debarred vendor listing as disclosed in the Excluded Parties List System.

Views of Responsible Management

We concur. The university will design and implement control procedures to identify potential suspended or debarred vendors effective immediately. Prior to activating any vendor or individual in the vendor database, the Vendor Maintenance person will log into the Excluded Parties List System, enter the company's name and/or TIN number to run a search of the database to determine if the company has been excluded, debarred or otherwise prohibited from providing goods or services to government agencies. For existing vendors not previously checked against the EPLS, the vendor maintenance person will undergo the process of checking each active vendor against the EPLS in alphabetical order until all active vendors have been checked and verified.



THE UNIVERSITY OF
SOUTHERN MISSISSIPPI.

VICE PRESIDENT FOR ADMINISTRATIVE AFFAIRS

118 College Drive #5005 | Hattiesburg, MS 39406-0001

Phone: 601.266.5005 | Fax: 601.266.6313 | www.usm.edu

Finding

Corrective Action Plan Details

Other Deficiency Finding: R&D & TRIO; Non-ARRA purchases are not being routinely verified against suspended and debarment listing for compliance

Findings and Questioned Costs for Federal Awards

- a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Mike Herndon, Director of Procurement & Contracts

- b. Corrective Action Planned:

Beginning immediately, prior to activating any vendor or individual in the vendor database in PeopleSoft, the Vendor Maintenance person will log into the Excluded Parties List System at <https://www.epls.gov/>, enter the company's name and/or TIN number to run a search of the database to determine if the company has been excluded, debarred or otherwise prohibited from providing goods or services to government agencies.

The vendor maintenance person will then print out the result of the search. If the result is "your search returned no results" the result will be filed with the vendor record and the vendor will be entered into the vendor database.

If the search results determine that the vendor is excluded, the vendor will not be entered into the vendor database and the department making the request will be notified that the vendor cannot be used.

In the case of an individual, the individual's first and last name and/or social security number will be entered into the EPLS system.

The vendor maintenance person will then print out the result of the search. If the result is "your search returned no results" the result will be filed with the individual's vendor record and the individual will be entered into the vendor database.

If the search results determine that the individual is excluded, the individual will not be entered into the vendor database and the department making the request will be notified that the individual cannot be used.

For existing vendors not previously checked against the EPLS, the vendor maintenance person will begin the process of checking each active vendor against the EPLS in alphabetical order until all active vendors have been checked and verified.

c. Completion Date:

March 22, 2011

**FY 2009 MIHL Remediated Comments
June 30, 2010**

Alcorn State University

Reference Number	Finding	Remediation
FA09-ASU-01	<p>Internal Controls over Financial Reporting -</p> <p>During our testing of reporting compliance elements for the Edward Byrne Memorial State and Local Law Enforcement Assistance Grant at Alcorn State University, we noted one semi-annual progress report for the period ending June 30, 2009 that was not submitted timely.</p>	<p>Alcorn State University corrected this weakness in internal control immediately. Grant accountants are assigned grants for tracking and monitoring. They are held accountable for the timely reporting of all grant reports. The accountants have to schedule reports and draw-downs now for review. These schedules, as well as the reports, have to be reviewed and approved by the Director of Grants and Contracts. This procedure ensures there are checks and balances in the office of Grants and Contracts. All grants are monitored for reporting and program activity by the Grant Accountants and the Director of Grants and Contacts. This finding should not occur in the future.</p>

University of Southern Mississippi

Reference Number	Finding	Remediation
FA09-SW-01	<p>Internal Controls over Return of Title IV Funds -</p> <p>We identified six (6) student refunds from a sample of fifteen (15) students that withdrew that did not have the required refunded amount deposited with the Department of Education or appropriate lender within the allowable timeframe. Further, we identified ten (10) students refunds from a sample of fifteen (15) in which the calculations were computed improperly as a result of excluding (a) ACG awarded during the semester (one student), (b) out-of state fees assessed during the semester (two students), (c) course/alternative learning fees (ten students) and (d) two (2) students who return calculation included non-institutional charges assessed for housing damages. As a result of the above described findings, it was discovered that eight (8) students' Title IV return amounts were miscalculated resulting in a net understatement of \$2,451 in what should have been returned to Title IV programs.</p>	<p>All corrective action has been taken. The total amount remitted to the United States Department of Education was \$5,639. The check was sent to the United States Department of Education on or about August 15, 2010.</p>

University of Mississippi Medical Center

Reference Number	Finding	Remediation
<p>FA09-SW-01</p>	<p>Internal Controls over Return of Title IV Funds - We identified one (1) student from a sample of fifteen (15) students that had withdrawn early for which there was no evidence of a calculation of unearned aid and no return of Title IV funds. As a result, the institution did not return \$598 of unearned Title IV funds.</p>	<p>The corrective action plan implemented by the University of Mississippi Medical Center is as follows: 1. UMMC has implemented a new student services system. The new system will be used by school administrators and the registrar to input all data related to student enrollment status. 2. The registrar's office will forward a copy of all received notification pertaining to student enrollment to the financial aid office. The registrar's office understands that all enrollment information directly affects financial aid eligibility. 3. The registrar's office will input all change of enrollment status into the system immediately upon receipt of notification. The immediate change in the system will upload into the financial aid system the next morning. Therefore, the student's enrollment status will be in all systems within 24 hours. 4. The financial aid office has assigned an employee to review a change in enrollment report on a daily basis. The current day will be compared to the previous day and all removed students will be reviewed. This employee will be responsible for Return of Title IV aid calculation. 5. UMMC has requested that the consultants for the new student services system develop a report that will list all students in a status code that represents no longer enrolled such as leave of absence, dismissal, unofficial withdrawal, and official withdrawal. The report will run upon request and weekly. 6. The financial aid office will do a monthly reconciliation off all students that were listed on before mentioned reports, to ensure that all ineligible disbursement are reversed and Title IV funds are returned within the set financial guidelines. 7. The no longer enrolled reconciliation will be reviewed and approved each month by the Director of Student Financial Aid and the Assistant Comptroller. Item # 5 was the final item to be completed. Due to implementation issues with the new Student Services System and the new Financial Aid system, the creation of the report was delayed. The report was active for the Financial Aid staff and the Registrar's staff to run on demand, January, 2011. Item #7, the monthly reconciliation is reviewed and approved each month by the Accounting Manager and the Director of Student Financial Aid instead of the Director of Student Financial Aid and the Assistant Comptroller. The Accounting Manager was created during FY 2010.</p>

Jackson State University

Reference Number	Finding	Remediation
FA09-JSU-01	Internal Control over Allowable Costs - Special Requirements - Cost Accounting Standards and Disclosure Statements -	
	During our review and testing of allowable costs -special requirements related to cost accounting standards and disclosure statements, we noted that Jackson State University did not prepare or submit the Disclosure Statement (DS-2) that describes the institution's cost accounting practices to its cognizant federal agency upon meeting the applicable threshold for filing such report.	As required by "Cost Principles for Educational Institutions" Section C.14, Cost Accounting Standards and Disclosure Statements were completed and submitted to the cognizant federal agency on August 18, 2010.
FA09-JSU-02	Internal Control over Period of Availability -	
	During the performance of our audit procedures, we noted that Jackson State University prepaid four (4) invoices related to maintenance/service contracts with maintenance/service periods that covered multiple fiscal years (i.e., fiscal year 2009 and 2010) resulting in questioned costs of \$132,314 which should not have been expensed until fiscal year 2010. The amounts prepaid on the invoices were expensed at the time of payment which is not in accordance with GAAP.	The questioned costs were deemed allowable cost, therefore were expensed and reimbursed to the University by the funding agency. As of January 1, 2010, the University established controls to ensure that expenditures that cover multiple fiscal years were expensed and capitalized in the appropriate periods.

University of Mississippi

Reference Number	Finding	Remediation
FA09-UM-01	Internal Control Over Time and Effort Reporting -	
	During our disbursement testing of the Edward Byrne Grants, we noted that time and effort reports related to two (2) professorial or professional employees from a sample of fifteen (15) were submitted in April 2009 for the September 2008 quarter end. As a result, the time and effort reports were not submitted within the required time frame.	Additional controls to ensure timely certification of effort have been implemented. Written and oral communication is initiated with the principal investigator and department responsible for each effort report that has not been certified. Failure to respond to the communications or provide certification of the effort report results in the prohibition of further spending on the sponsored project. This process was implemented March 31, 2010.
FA09-UM-02	Internal Control over Reporting -	
	During our review of reporting compliance elements for the National Science Foundation we noted that certain standard financial reporting forms were not submitted timely. From a review of four (4) reporting forms, we identified one (1) FFR for the period ending December 31, 2008 that was not submitted until February 11, 2009 (1 day late). In addition, during our review of reporting compliance elements, we noted that the FPR for two (2) grants from a sample of four (4) were not submitted timely. The FPR for Award Number 0625120 was submitted nineteen days late and the FPR for Award Number 0809853 was submitted seventy-nine days late. These grants had project years ending on July 31, 2008 and May 31, 2009, respectively.	Additional procedures to ensure timely submission of Final Project Reports (FPR) have been implemented. Written and oral communication is initiated with the principal investigator and department responsible for submission of the FPR. Failure to submit the FPR causes the principal investigator's accounts to be locked and future grant proposals or awards will not be approved until all reporting requirements have been met. This procedure was implemented May 28, 2010.

FA09-SW-01	Internal Controls over Return of Title IV Funds - We identified one (1) student refund from a sample of fifteen (15) where proof of attendance could not be provided and as a result \$3,218 in unsubsidized Stafford Loans had been received but were not returned to the respective program. Further, we identified one (1) student refund from the sample of fifteen (15) in which the return of Title IV refund was calculated incorrectly as a result of charges for room and board reported improperly resulting in an overstated refund of \$189.	A review of the office procedures for calculating refunds for student withdrawals has been conducted and it was determined that the procedural steps in the process are correct; however, the process does include manual steps where omissions or errors could occur. The financial aid office has instituted a review process whereby all student withdrawal calculations are reviewed by another employee. This review process was implemented March 1,2010.
-------------------	--	---