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FINANCIAL STATEMENTS
ITAWAMBA COMMUNITY COLLEGE

**For the Year Ended
June 30, 2005**

Franks, Franks & Jarrell, P.A.
Certified Public Accountants

ITAWAMBA COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

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MEMBERS OF THE

AICPA, MSCPA & PCPS

Board of Directors
Itawamba Community College

We have audited the accompanying financial statements of Itawamba Community College and Itawamba Community College Foundation, Inc. as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of Itawamba Community College's and Itawamba Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. Itawamba Community College Foundation, Inc. is a discretely presented component unit of Itawamba Community College.

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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Itawamba Community College and its discretely presented component unit, Itawamba Community College Foundation, Inc., as of June 30, 2005, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 11, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Management Discussion and Analysis also contains information from June 30, 2004. We previously audited in accordance with generally accepted auditing standards accepted in the United States of America, the financial statements for the year ended June 30, 2004 (not included herein); and we expressed an opinion on those statements. 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated , February 17, 2006 on our consideration of Itawamba Community College's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Itawamba Community College's basic financial statements. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Itawamba Community College. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in material respects, in relation to the financial statements taken as a whole.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
February 17, 2006

ITAWAMBA COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Itawamba Community College annual financial report presents our discussion and analysis of the financial performance of the College during the fiscal years ended June 30, 2005 and 2004. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. Since this is a transition year for this format, only one year of financial data is presented. In future years, a comparative analysis will be presented. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These financial statements differ significantly, in both form and the accounting principles used, from prior financial statements presented. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

One of the most important questions asked is whether the College as a whole is better or worse off because of the year's activities. The key to understanding this question is the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These Statements present financial information in a form similar to that use by corporations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities. The College's net assets (the difference between assets and liabilities) are one indicator of the College's financial health. Over time, increases or decreases in net assets are one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The financial reporting model classifies State appropriations and gifts as nonoperating revenues. The College's dependency on State aid and gifts results in an operating deficit. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Condensed Statement of Net Assets
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Current Assets	\$ 32,364,830	\$ 17,162,855
Noncurrent Assets:		
Capital, Net	38,720,411	33,495,874
Other	<u>0</u>	<u>0</u>
Total Assets	<u>71,085,241</u>	<u>50,658,729</u>
Liabilities		
Current Liabilities	4,363,015	2,556,213
Noncurrent Liabilities	<u>22,493,546</u>	<u>7,536,850</u>
Total Liabilities	<u>26,856,561</u>	<u>10,093,063</u>
Net Assets		
Invested in Capital Assets, Net	28,388,134	24,817,874
Restricted:		
Nonexpendable	0	0
Expendable	3,790,775	4,010,783
Unrestricted	<u>12,049,771</u>	<u>11,737,009</u>
Total Net Assets	<u>\$ 44,228,680</u>	<u>\$ 40,565,666</u>

Assets

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the College's bank accounts. The total amount of cash and cash equivalents reported as current assets on the College financial statements were \$1,818,139 and \$1,180,457 at June 30, 2005 and 2004, respectively.

Short-term Investments

Short-term investments consist of certificates of deposit with financial institutions. The total amount of short-term investments reported as current assets on the College financial statements were \$27,080,674 and \$13,316,102 at June 30, 2005 and 2004, respectively.

Accounts Receivable

Accounts receivable relate to several transactions including county appropriations, accrued interest, student tuition and fee billings, and auxiliary enterprise sales such as food service and bookstore. In addition, receivables arise from grant awards and financial aid revenues. The receivables are shown net of allowance for doubtful accounts. The College receivables totaled \$2,522,352 and \$1,945,969 at June 30, 2005 and 2004, respectively.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Inventories

The College maintains inventories of resale merchandise as well as items for internal consumption. Books, student supplies, and institutional memorabilia make up the majority of the resale inventory. Inventories maintained for internal departmental use include postage, fuel, and office supplies which make up the balance of the recorded inventory. Inventories totaled \$780,361 and \$720,327 at June 30, 2005 and 2004, respectively.

Noncurrent assets

Capital Assets, Net

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical library holdings at June 30, 2005 and 2004. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$38,720,411 and \$33,495,874 at June 30, 2005 and 2004, respectively.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities represent amounts due at June 30, 2005 and 2004 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$1,549,303 and \$1,004,358 at June 30, 2005 and 2004, respectively.

Deferred Revenue

Deferred revenue represents revenue that was received by the College during the fiscal year, but the College did not expend the funds by the end of the June 30, 2005 and 2004 fiscal years. The deferred revenue totaled \$706,020 and \$361,855 at June 30, 2005 and 2004, respectively.

Long-Term Liabilities-Current Portion

Long-term liabilities-current portion represents the portion of long-term debt that would be payable by the end of the June 30, 2005 and 2004 fiscal years. The amount of the current portion of long-term debt at June 30, 2005 and 2004 was \$2,107,692 and \$1,190,000, respectively.

Noncurrent Liabilities

Deposits

Deposits represents the deposits paid by students for reservation for and possible damage to a dorm room for the future semester and also the deposits held for others such as individuals or organizations for which the college acts as custodian. The housing deposits are payable to the student upon checkout at the end of the semester. The custodial deposits are payable upon the request of the individual or organization. The amount of deposits totaled \$45,400 and \$48,850 at June 30, 2005 and 2004, respectively.

Long-Term Liabilities

This liability consists of long-term debt for outstanding bonds and notes. The total amount of the noncurrent portion of long-term debt was \$22,448,146 and \$7,488,000 at June 30, 2005 and 2004, respectively.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Net Assets

Net assets represent the difference between the College's assets and liabilities. Total net assets at June 30, 2005 and 2004 were \$44,228,680 and \$40,565,666, respectively.

Analysis of Net Assets

Restricted nonexpendable net assets consist of endowment gifts with specific restrictions on spending the principal given.

Restricted expendable net assets consist of endowment gifts, gifts with specific restrictions, grants from third party agencies with expenditure restrictions, and loan funds.

The following is a breakdown of the restricted net assets:

	<u>2005</u>	<u>2004</u>
Debt Service	\$ 798,075	\$ 756,919
Capital Projects	2,679,562	2,951,449
Other	<u>313,138</u>	<u>302,415</u>
Total Restricted Net Assets	<u>\$ 3,790,775</u>	<u>\$ 4,010,783</u>

Unrestricted net assets represent those balances from operational activities that have not been restricted by parties external to the College such as donors or grant agencies. This includes funds that are normal working capital balances maintained for departmental and auxiliary enterprise activities.

The following is a breakdown of the unrestricted net assets:

	<u>2005</u>	<u>2004</u>
Unrestricted General Fund	\$ 8,160,389	\$ 8,759,841
Unrestricted Auxiliary Funds	<u>3,889,382</u>	<u>2,977,168</u>
Total Unrestricted Net Assets	<u>\$ 12,049,771</u>	<u>\$ 11,737,009</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

For the year ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Tuition and Fees	\$ 7,377,540	\$ 6,673,265
Grants and Contracts	12,950,167	14,479,509
Auxiliary Enterprises	5,369,225	4,857,066
Other Operating Revenues	<u>801,242</u>	<u>897,477</u>
Total Operating Revenues	<u>26,498,174</u>	<u>26,907,317</u>
Operating Expenses	<u>48,508,965</u>	<u>42,344,114</u>
Operating Loss	<u>(22,010,791)</u>	<u>(15,436,797)</u>
Nonoperating Revenues:		
State Appropriations	13,750,292	9,963,782
Local Appropriations	4,627,150	4,234,228

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets
(Continued)**

Noncapital Gifts	\$ 497,234	\$ 490,695
Investment Income, Net	440,680	125,789
Interest expense on capital asset-related debt	(448,088)	(424,698)
Other Nonoperating Revenues	<u>0</u>	<u>0</u>
Net Nonoperating Revenues	<u>18,867,268</u>	<u>14,389,796</u>
Income Before Other Revenues	(3,143,523)	(1,047,001)
State Appropriations restricted for capital purposes	3,197,233	2,210,602
Local Appropriations restricted for capital purposes	<u>3,609,304</u>	<u>2,407,976</u>
Total Other Revenues	<u>6,806,537</u>	<u>4,618,578</u>
Total Increase in Net Assets	3,663,014	3,571,577
Net Assets		
Net Assets at Beginning of Year, as Restated	<u>40,565,666</u>	<u>36,994,089</u>
Net Assets at End of Year	<u>\$ 44,228,680</u>	<u>\$ 40,565,666</u>

Total operating loss for the fiscal year 2005 and 2004 was \$22,010,791 and \$15,436,797, respectively. Since the State of Mississippi appropriation is not included within operating revenue per GASB No. 35, the College will show a significant operating loss.

The sources of operating revenue for the College are tuition and fees, grants and contracts, auxiliary services, and other operating revenues.

The College strives to provide students with the opportunity to obtain a quality education. Future enrollments at the College may be affected by a number of factors including any material increases in tuition and other mandatory charges stemming from any material decrease in appropriation funding from the State of Mississippi.

Total operating revenues for fiscal year 2005 and 2004 were \$26,498,174 and \$26,907,317, respectively. Tuition and fees were \$7,377,540 and \$6,673,265, respectively. The tuition discount was \$1,642,682 and \$1,435,776, respectively. Operating expenses, including depreciation of \$1,281,706 and \$1,167,713, totaled \$48,508,965 and \$42,344,114, respectively. Of this total \$17,849,794 and \$15,910,365 or 37% and 38% was for instruction.

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling \$7,377,540 and \$6,673,265 for June 30, 2005 and 2004. The tuition discount for the 2005 and 2004 fiscal years was \$1,642,682 and \$1,435,776, respectively.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Grants and Contracts

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that the funds have been expended for exchange transactions. Nonexchange revenues are recorded when received or when eligibility criteria have been met.

The following table details the College's grant and contract awards for the fiscal year ended June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Federal Sources	\$ 10,680,976	\$ 10,483,665
State Sources	2,269,191	3,995,844
Other Sources	<u>0</u>	<u>0</u>
Total All Sources	<u>\$ 12,950,167</u>	<u>\$ 14,479,509</u>

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$304,626 and \$373,969 for the 2005 and 2004 fiscal years.

Auxiliary Enterprises

Sales and services, net, consist of various enterprise entities that exist predominantly to furnish goods and services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting.

Auxiliary enterprises primarily include the College bookstore, food services and housing.

Operating Expenses

Operating expenses totaling \$48,508,965 and \$42,344,114 include salaries and benefits of \$20,185,136 and \$18,389,934, scholarships and fellowships of \$10,999,726 and \$10,119,868, utilities of \$1,329,080 and \$1,201,409, supplies of \$6,601,461 and \$4,384,185, services of \$5,433,855 and \$5,716,819, and depreciation of \$1,281,706 and \$1,167,713, respectively for June 30, 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Expenses by Function:		
Instruction	\$ 17,849,794	\$ 15,910,365
Academic Support	604,540	529,633
Student Services	2,648,722	2,352,954
Institutional Support	3,724,782	3,147,805
Operations and Maintenance of Plant	6,805,618	4,626,639
Student Financial Aid	10,959,933	10,340,872
Auxiliary Enterprises	4,633,870	4,268,133
Depreciation	<u>1,281,706</u>	<u>1,167,713</u>
Total Operating Expenses by Function	<u>\$ 48,508,965</u>	<u>\$ 42,344,114</u>

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Nonoperating Revenues (Expenses)
State Appropriations

The College's largest source of nonoperating revenue is the State of Mississippi appropriation. The College received \$16,947,525 for 2004-2005 fiscal year and \$12,174,384 for 2003-2004 fiscal year, of which \$13,750,292 and \$9,963,782 was for operations. State capital aid in the amount of \$3,197,233 and \$2,210,602 was received for the purchase, construction, renovation, and repair of fixed assets.

Local Appropriations

The College also receives revenue from the counties in college's district. The College uses the funding for salaries and benefits, for operational purposes. The College receives the appropriation in monthly payments, beginning in July of each year, since the fiscal year begins July 1st. The College received \$4,627,150 and \$4,234,228 for the 2005 and 2004 fiscal years from the counties. This appropriation was fully recorded by the College during the fiscal year.

Noncapital Gifts

This consists of gifts made to the College from a nongovernmental organization and/or individuals. The cash gifts totaled \$497,234 and \$490,695 at June 30, 2005 and 2004, respectively.

Investment Income, Net

This includes the interest income from the cash in the bank accounts. The investment income at June 30, 2005 and 2004 shows \$440,680 and \$125,789 in investment income.

Other Revenues

State Appropriations for Capital Purposes

\$3,197,233 and \$2,210,602 are the amounts of revenue received from the State of Mississippi to purchase, construct, renovate, or repair capital assets during the 2005 and 2004 fiscal year, respectively.

Local Appropriations for Capital Purposes

This includes revenue received from the counties for capital projects during the fiscal years. The amount of this grant totaled \$3,609,304 and \$2,407,976 for the 2005 and 2004 fiscal years.

Statement of Cash Flows

Another way to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows,
- The ability to meet obligations as they come due, and
- A need for external financing.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Condensed Statement of Cash Flows (Direct Method)

For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (19,919,436)	\$ (14,005,369)
Noncapital Financing Activities	18,305,277	14,810,302
Capital and Related Financing Activities	15,730,044	(1,062,522)
Investing Activities	<u>(13,478,203)</u>	<u>(12,628,359)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	637,682	(12,886,218)
Cash and Cash Equivalents – Beginning of the Year	<u>1,180,457</u>	<u>14,066,675</u>
Cash and Cash Equivalents – End of the Year	<u>\$ 1,818,139</u>	<u>\$ 1,180,457</u>

The major sources of funds included in operating activities include student tuition and fees, \$7,751,944 and \$6,433,762, auxiliary enterprises, \$5,364,743 and \$4,857,861, and grants and contracts, \$13,066,601 and \$14,705,423. The major uses of funds were payments made to employees, \$20,175,169 and \$18,367,949 and to suppliers, \$6,096,814 and \$4,165,562 for fiscal year end June 30, 2005 and 2004.

The largest inflow of cash in the noncapital financing activities group is the State appropriation of \$13,307,372 and \$10,032,932 for June 30, 2005 and 2004, respectively.

Significant Capital Asset Transactions

The Board of Trustees entered in to a contract to construct a facility on the Fulton campus making it convocation center for activities. The contract was for approximately \$15,000,000 and as of June 30, 2004 \$1,463,616 had been paid to the contractor for work performed.

In the fiscal year 2004-2005, the Board of Trustees entered into a construction contract to construct a Convocation Center on the Fulton campus. As of June 30, 2005, \$13,970,056 was still to be paid to the contractor for additional work.

**ITAWAMBA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Factors Impacting Future Periods

There are a number of issues of Community College-wide importance that directly impacted the fiscal year 2005 financial situation. The level of State support, compensation increases, student tuition and fee increases, and energy cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

State appropriations contribute approximately thirty-two percent of general operations' revenue. The level of State support is therefore one of the key factors influencing the College's financial condition.

The need to continue to address priority needs and requirements for deferred maintenance, new technology, repairs, and new construction projects is a large challenge facing the College in the years to come.

Various committees and individuals are assessing the College's performance toward identified goals and ways to achieve greater efficiencies and reduce expenditures in an effort to assist in meeting the future challenges.

FINANCIAL STATEMENTS

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
June 30, 2005

	June 30, 2005
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,818,139
Short-term investments	27,080,674
Accounts receivables, net	2,522,352
Accrued interest receivable	163,304
Inventories	780,361
Total Current Assets	32,364,830
Noncurrent assets:	
Capital assets, net of accumulated depreciation	38,720,411
Total Noncurrent Assets	38,720,411
Total Assets	71,085,241
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,549,303
Deferred revenues	706,020
Long-term debt - current portion	2,107,692
Total Current Liabilities	4,363,015
Noncurrent liabilities:	
Deposits refundable	45,400
Long-term debt	22,448,146
Total Noncurrent Liabilities	22,493,546
Total Liabilities	26,856,561
NET ASSETS	
Invested in capital assets, net of related debt	28,388,134
Restricted for:	
Expendable:	
Capital projects	2,679,562
Debt service	798,075
Other purposes	313,138
Unrestricted	12,049,771
Total Net Assets	\$ 44,228,680

The notes to the financial statements are an integral part of this statement.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2005
(With Comparative Totals for 2004)

	OPERATING FUND	ENDOWMENT FUND	TOTALS	
	2005	2005	2005	2004
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash & Cash Equivalents	\$ 496,934	\$ 104,752	\$ 601,686	\$ 587,831
Unconditional Promises to Give	51,900	0	51,900	55,700
Other Receivables	0	0	0	0
Due From Other Funds	0	105,358	105,358	60,640
Interest Receivable	1,997	0	1,997	830
	<u>550,831</u>	<u>210,110</u>	<u>760,941</u>	<u>705,001</u>
<u>LONG-TERM INVESTMENTS</u>	<u>104,985</u>	<u>6,661,855</u>	<u>6,766,840</u>	<u>6,226,166</u>
<u>LONG-TERM UNCONDITIONAL PROMISES TO GIVE, NET</u>	<u>57,790</u>	<u>0</u>	<u>57,790</u>	<u>73,100</u>
TOTAL ASSETS	\$ <u>713,606</u>	\$ <u>6,871,965</u>	\$ <u>7,585,571</u>	\$ <u>7,004,267</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 96,321	\$ 118,474	\$ 214,795	\$ 194,214
Due to Other Funds	105,358	0	105,358	60,640
	<u>201,679</u>	<u>118,474</u>	<u>320,153</u>	<u>254,854</u>
<u>NET ASSETS</u>				
Unrestricted	354,742	2,265,915	2,620,657	2,416,619
Temporarily Restricted	157,185	4,487,576	4,644,761	4,332,794
	<u>511,927</u>	<u>6,753,491</u>	<u>7,265,418</u>	<u>6,749,413</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>713,606</u>	\$ <u>6,871,965</u>	\$ <u>7,585,571</u>	\$ <u>7,004,267</u>

See accompanying notes to financial statements.

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

Operating Revenues:	
Tuition and fees (net of scholarship allowances of \$1,642,682)	\$ 7,377,540
Federal grants and contracts	10,680,976
State grants and contracts	2,269,191
Sales and services of educational departments	304,626
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$162,285)	731,571
Food services (net of scholarship allowances of \$192,513)	868,916
Bookstore	3,651,685
Other auxiliary revenues	117,053
Other operating revenues	<u>496,616</u>
Total Operating Revenues	<u>26,498,174</u>
Operating Expenses:	
Salaries and wages	16,276,924
Fringe benefits	3,908,212
Travel	355,855
Contractual services	5,433,855
Utilities	1,329,080
Scholarships and fellowships	10,999,726
Commodities	6,601,461
Depreciation expense	1,281,706
Other operating expense	<u>2,322,146</u>
Total Operating Expenses	<u>48,508,965</u>
Operating Income (Loss)	<u>(22,010,791)</u>
Nonoperating Revenues (Expenses):	
State appropriations	13,750,292
Local appropriations	4,627,150
Gifts	497,234
Investment income	440,680
Interest expense on capital asset-related debt	(448,088)
Other nonoperating revenues (expenses)	<u> </u>
Total Net Nonoperating Revenues (Expenses)	<u>18,867,268</u>
Income (Loss) before Other Revenues, Expenses, Gains and Losses	<u>(3,143,523)</u>
State appropriations restricted for capital purposes	3,197,233
Local appropriations restricted for capital purposes	<u>3,609,304</u>
Change in Net Assets	<u>3,663,014</u>
Net Assets:	
Net Assets - Beginning of Year	<u>40,565,666</u>
Net Assets - End of Year	<u><u>\$ 44,228,680</u></u>

The notes to the financial statements are an integral part of this statement.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2005
(With Comparative Totals for 2004)

	<u>OPERATING FUND</u>	<u>ENDOWMENT FUND</u>	<u>2005 TOTALS</u>	<u>2004 TOTALS</u>
CHANGES IN UNRESTRICTED NET ASSETS:				
<u>PUBLIC SUPPORT AND REVENUE</u>				
Direct Public Support:				
Contributions	\$ 84,450	\$ 0	\$ 84,450	\$ 52,365
Total Direct Public Support	<u>84,450</u>	<u>0</u>	<u>84,450</u>	<u>52,365</u>
Revenues:				
Fees	120	0	120	150
Investment Income	4,889	76,793	81,682	63,488
Net Gain on Investments	0	201,994	201,994	326,349
Net Assets Released from Restrictions	<u>23,590</u>	<u>112,272</u>	<u>135,862</u>	<u>39,951</u>
Total Revenue	<u>28,599</u>	<u>391,059</u>	<u>419,658</u>	<u>429,938</u>
Total Public Support and Revenue	<u>113,049</u>	<u>391,059</u>	<u>504,108</u>	<u>482,303</u>
Expenses:				
Meals & Entertainment	7,595	0	7,595	3,186
Board Meetings	249	0	249	133
Floral Courtesies	1,373	0	1,373	845
Supply Expense	289	0	289	2,853
Indian Club	8,397	0	8,397	0
Investment Fees	1,235	20,263	21,498	19,496
Scholarships	42,330	45,749	88,079	68,545
Professional Development	10,000	0	10,000	10,500
Program Services - Institutional	103,874	20,808	124,682	128,499
Other	<u>5,150</u>	<u>0</u>	<u>5,150</u>	<u>1,950</u>
Total Expenses	<u>180,492</u>	<u>86,820</u>	<u>267,312</u>	<u>236,007</u>
Increase (Decrease) in Unrestricted Net Assets	\$ <u>(67,443)</u>	\$ <u>304,239</u>	\$ <u>236,796</u>	\$ <u>246,296</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
<u>PUBLIC SUPPORT AND REVENUE</u>				
Direct Public Support:				
Contributions	\$ 24,555	\$ 106,922	\$ 131,477	\$ 66,312
Revenue:				
Investment Income	4,807	76,793	81,600	63,634
Net Gain on Investments	0	201,994	201,994	326,349
Net Assets Released From Restrictions	<u>(23,590)</u>	<u>(112,272)</u>	<u>(135,862)</u>	<u>(39,951)</u>
Total Revenue	<u>(18,783)</u>	<u>166,515</u>	<u>147,732</u>	<u>350,032</u>
Total Public Support and Revenue	<u>5,772</u>	<u>273,437</u>	<u>279,209</u>	<u>416,344</u>
Increase (Decrease) in Temporarily Restricted Net Assets	\$ <u>5,772</u>	\$ <u>273,437</u>	\$ <u>279,209</u>	\$ <u>416,344</u>

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2005
(With Comparative Totals for 2004)

	<u>OPERATING FUND</u>	<u>ENDOWMENT FUND</u>	<u>2005 TOTALS</u>	<u>2004 TOTALS</u>
Increase (Decrease) in Total Net Assets	\$ (61,671)	\$ 577,676	\$ 516,005	\$ 662,640
Net Assets, Beginning of Year				
Unrestricted Net Assets	422,185	1,961,676	2,383,861	2,170,323
Temporarily Restricted Net Assets	<u>151,413</u>	<u>4,214,139</u>	<u>4,365,552</u>	<u>3,916,450</u>
Total Net Assets, Beginning of Year	<u>573,598</u>	<u>6,175,815</u>	<u>6,749,413</u>	<u>6,086,773</u>
Net Assets, End of Year				
Unrestricted Net Assets	354,742	2,265,915	2,620,657	2,416,619
Temporarily Restricted Net Assets	<u>157,185</u>	<u>4,487,576</u>	<u>4,644,761</u>	<u>4,332,794</u>
Total Net Assets, End of Year	<u>\$ 511,927</u>	<u>\$ 6,753,491</u>	<u>\$ 7,265,418</u>	<u>\$ 6,749,413</u>

See accompanying notes to financial statements.

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005

Cash Flows from Operating Activities:	
Tuition and fees	\$ 7,751,944
Grants and contracts	13,066,601
Sales and services of educational departments	304,626
Payments to suppliers	(6,096,814)
Payments to employees for salaries and benefits	(20,175,169)
Payments for utilities	(1,358,833)
Payments for scholarships and fellowships	(10,999,726)
Auxiliary enterprise charges:	
Student housing	727,089
Food services	868,916
Bookstore	3,651,685
Other auxiliary enterprises	117,053
Other receipts (payments)	<u>(7,776,808)</u>
Net Cash Provided (Used) by Operating Activities	<u>(19,919,436)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	13,307,372
Local appropriations	4,503,698
Gifts and grants for other than capital purposes	494,207
Federal loan program receipts	5,174,094
Federal loan program disbursements	<u>(5,174,094)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>18,305,277</u>
Cash Flows from Capital and Related Financing Activities:	
Cash paid for capital assets	(6,506,243)
Capital appropriations received	6,806,537
Proceeds from issuance of debt	17,215,340
Principal paid on capital debt and leases	(1,337,502)
Interest paid on capital debt and leases	<u>(448,088)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>15,730,044</u>
Cash Flows from Investing Activities:	
Short-term Investments	(13,764,572)
Interest received on investments	<u>286,369</u>
Net Cash Provided (Used) by Investing Activities	<u>(13,478,203)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	637,682
Cash and Cash Equivalents - Beginning of the Year	<u>1,180,457</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,818,139</u>

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005

Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities

Operating income (loss)	\$ <u>(22,010,791)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,281,706
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(15,977)
Inventories	(60,034)
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	544,945
Deferred revenues	344,165
Deposits refundable	<u>(3,450)</u>
Total adjustments	<u>2,091,355</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(19,919,436)</u></u>

The notes to the financial statements are an integral part of this statement.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2005
(With Comparative Totals for 2004)

	<u>OPERATING FUND</u>	<u>ENDOWMENT FUND</u>	<u>2005 TOTALS</u>	<u>2004 TOTALS</u>
Cash Flows from Operations				
Increase (Decrease) in Total Net Assets	\$ (61,671)	\$ 577,676	\$ 516,005	\$ 662,640
Adjustments to Net Assets to Reconcile Cash Flows:				
Interest Receivable	(1,167)	0	(1,167)	318
Unconditional Promises to Give	3,800	0	3,800	2,300
Other Receivable	0	0	0	2,026
Due From/To Other Fund	44,718	(44,718)	0	0
Accounts Payable	<u>(5,976)</u>	<u>26,557</u>	<u>20,581</u>	<u>32,378</u>
Total Adjustments	<u>41,375</u>	<u>(18,161)</u>	<u>23,214</u>	<u>37,022</u>
Net Cash Flows from Operations	<u>(20,296)</u>	<u>559,515</u>	<u>539,219</u>	<u>699,662</u>
Cash Flows from Investing Activities:				
Long-Term Unconditional Promises to Give	15,310	0	15,310	113,600
Long-Term Investment (Reinvestments) Losses	<u>(3,572)</u>	<u>(537,102)</u>	<u>(540,674)</u>	<u>(857,075)</u>
Net Cash Flows from Investing Activities	<u>11,738</u>	<u>(537,102)</u>	<u>(525,364)</u>	<u>(743,475)</u>
Net Increase (Decrease) in Cash	(8,558)	22,413	13,855	(43,813)
Cash, Beginning of Year	<u>505,492</u>	<u>82,339</u>	<u>587,831</u>	<u>631,644</u>
Cash, End of Year	<u>\$ 496,934</u>	<u>\$ 104,752</u>	<u>\$ 601,686</u>	<u>\$ 587,831</u>

See accompanying notes to financial statements.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity – Itawamba Community College was founded in 1948 and is one of Mississippi's 15 public community colleges. The legal authority for the establishment of Itawamba Community College is found in Section 37-29-31, Miss. Code Ann. (1972).

Itawamba Community College is governed by a thirty-member board of trustees, selected by the board of supervisors of Itawamba, Lee, Monroe, Pontotoc and Chickasaw Counties who support the district through locally assessed ad valorem tax millage. One of the trustees from each of the supporting counties must be the county superintendent of education, unless the superintendent chooses not to serve, in which case the county board of supervisors shall fill the vacancy in accordance with Section 37-29-65, Miss. Code Ann. (1972). Each board member is appointed for a 5-year term. In addition, Itawamba Community College works jointly with the Mississippi State Board for Community and Junior Colleges, which coordinates the efforts of all 15 community colleges as they serve the taxpayers of the State of Mississippi.

Itawamba Community College reports the following discretely presented component unit:

Itawamba Community College Foundation, Inc. (Foundation) – The Foundation is a legally separate, tax-exempt nonprofit organization founded in 1975. The Foundation acts primarily as a fund raising organization to supplement the resources available to Itawamba Community College (college) in support of its programs.

Although the college does not control the timing or amount of receipts from the Foundation, the majority of its resources or income thereon that the Foundation holds and invests are restricted to the activities of the college by the donors.

During the year ended June 30, 2005, the Foundation distributed \$118,000 to the College.

- B. Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November, 1999, respectively. The college now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the college's financial activities.
- C. Basis of Accounting - The financial statements of the college have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.
- D. Cash Equivalents - For purposes of the Statement of Cash Flows, the college considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Short-Term Investments – The College considers all highly liquid investments with an original maturity of more than three months but less than twelve months to be short-term investments.

- E. Accounts Receivables, Net - Accounts receivables consist of tuition and fees charged to students, state appropriations, amounts due from state and federal grants and contracts, local governments and credits due to the college from vendors. Accounts receivables are recorded net of an allowance for doubtful accounts.
- F. Inventories - Inventories consist of bookstore, printing and food service supplies. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out ("FIFO") basis or the average cost basis.
- G. Capital Assets, Net of Accumulated Depreciation - 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 costs 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.
- H. 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.
- I. Compensated Absences - The College does not provide for the accumulation of leave beyond one year. Therefore, no accrual for compensated absences has been recorded in the financial statements.
- J. Classification of Revenues - The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust*

ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 34, such as state appropriations, local appropriations and investment income.

- K. State Appropriations – Itawamba Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. Beginning with the 2004 fiscal year, a new funding formula will be phased in over a 5-year period which will shift the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special consideration given only to high cost programs.
- L. Scholarship Discounts and Allowances - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to 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 college 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.
- M. Net Assets - GASB Statement No. 34 reports equity as "Net Assets" rather than "Fund Balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.

NOTE 2 – ACCOUNTING CHANGES

Changes in Accounting Standards – Itawamba Community College has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3 for the current fiscal year*. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The provisions of this new standard have been incorporated into the financial statements and accompanying notes.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 3 – CASH AND INVESTMENTS

Policies:

- A. Cash, Cash Equivalents and Short-term Investments - Investment policies as set forth by policy and state statute authorize the college 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 held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the college'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 Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the institution will not be able to recover deposits or collateral securities that are in the possession of an outside party. The institution does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the college. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the institution. As of June 30, 2005, \$0 of the institution's bank balance was exposed to custodial credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2005:

Student tuition	\$ 543,483
Auxiliary enterprises and other operating activities	2,263
Federal, state, and private grants and contracts	1,049,960
State appropriations	628,379
Local appropriations	334,275
Other	<u>207,014</u>
Total Accounts Receivable	2,765,374
Less allowance for doubtful accounts	<u>243,022</u>
Net Accounts Receivable	<u>\$ 2,522,352</u>

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2005, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 817,637	\$ 25,000	\$ 0	\$ 842,637
Construction in progress	<u>2,978,716</u>	<u>3,864,992</u>	<u>(3,234,293)</u>	<u>3,609,415</u>
Total Nondepreciable Capital Assets	<u>\$ 3,796,353</u>	<u>\$ 3,889,992</u>	<u>\$ (3,234,293)</u>	<u>\$ 4,452,052</u>
Depreciable Capital Assets:				
Improvements other than buildings	\$ 4,295,980	\$ 2,215,340	\$ 0	\$ 6,511,320
Buildings	37,226,065	3,238,389		40,464,454
Equipment	2,763,429	340,544	0	3,103,973
Library books	<u>1,369,911</u>	<u>56,271</u>	<u>0</u>	<u>1,426,182</u>
Total Depreciable Capital Assets	<u>\$ 45,655,385</u>	<u>\$ 5,850,544</u>	<u>\$ 0</u>	<u>\$ 51,505,929</u>
Less Accumulated Depreciation for:				
Improvements other than buildings	\$ 1,559,510	\$ 134,528	\$ 0	\$ 1,694,038
Buildings	11,225,977	796,070		12,022,047
Equipment	1,990,713	299,754	0	2,290,467
Library books	<u>1,179,664</u>	<u>51,354</u>	<u>0</u>	<u>1,231,018</u>
Total Accumulated Depreciation	<u>\$ 15,955,864</u>	<u>\$ 1,281,706</u>	<u>\$ 0</u>	<u>\$ 17,237,570</u>
Total Depreciable Capital Assets, Net	<u>\$ 29,699,521</u>	<u>\$ 4,568,838</u>	<u>\$ 0</u>	<u>\$ 34,268,359</u>
Capital Assets, Net	<u>\$ 33,495,874</u>	<u>\$ 8,458,830</u>	<u>\$ (3,234,293)</u>	<u>\$ 38,720,411</u>

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 5 – CAPITAL ASSETS – continued

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:

	Estimated Useful <u>Lives</u>	Salvage <u>Value</u>	Capitalization <u>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%	0

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 6 – LONG-TERM LIABILITIES

Long-term liabilities of the college consist of notes and bonds payable and certain other liabilities that are expected to be liquidated at least one year from June 30, 2005.

Description and Purpose	Original Issue	Annual Int. Rate	Maturity	Beginning Balance	Additions	Deletions	Balance June 30, 2005	Due Within One Year
<u>Bonded Debt</u>								
1996 Student Services Center Bonds	\$ 4,500,000	4.20%-5.50%	03/2011	\$ 2,515,000	\$	\$ 310,000	\$ 2,205,000	\$ 325,000
1989 Dorm Revenue Bonds	3,000,000	5.50%	05/2014	1,630,000		140,000	1,490,000	145,000
1981 Dorm Revenue Bonds	2,008,000	3.00%	10/2021	983,000		50,000	933,000	50,000
1998 Refunding Bonds	5,975,000	3.60%-4.20%	04/2009	3,000,000		590,000	2,410,000	615,000
2005 Educational Facility Bonds	15,000,000	4.10%-5.00%	02/2020	0	15,000,000	0	15,000,000	730,000
Total Bonded Debt				<u>8,128,000</u>	<u>15,000,000</u>	<u>1,090,000</u>	<u>22,038,000</u>	<u>1,865,000</u>
<u>Other Long-term Liabilities</u>								
Notes payable				550,000		100,000	450,000	105,000
Capital Lease Payable					2,215,340	147,502	2,067,838	137,692
Deposits Refundable				48,850	67,750	71,200	45,400	
Total Other Long-term Liabilities				<u>598,850</u>	<u>2,283,090</u>	<u>318,702</u>	<u>2,563,238</u>	<u>242,692</u>
Total				<u>\$ 8,726,850</u>	<u>\$ 17,283,090</u>	<u>\$ 1,408,702</u>	<u>\$ 24,601,238</u>	<u>\$ 2,107,692</u>
Due within one year							<u>2,107,692</u>	
Total Long-term Liabilities							<u>\$ 22,493,546</u>	

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 6 – LONG-TERM LIABILITES – continued

Information regarding original issue amounts, interest rates and maturity dates for bonds and notes included in the long-term liabilities balance at June 30, 2005, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

	<u>Bonded Debt</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,865,000	\$ 105,000	\$ 137,692	\$ 1,122,059	\$ 3,229,751
2007	1,945,000	110,000	143,131	1,027,141	3,225,272
2008	2,015,000	115,000	148,784	927,581	3,206,365
2009	1,910,000	120,000	154,661	823,840	3,008,501
2010	1,475,000	0	160,770	722,956	2,358,726
2011-2015	6,350,000	0	904,275	2,513,350	9,767,625
2016-2020	6,390,000	0	418,525	973,283	7,781,808
2021-2025	<u>88,000</u>	<u>0</u>	<u>0</u>	<u>2,610</u>	<u>90,610</u>
Totals	<u>\$ 22,038,000</u>	<u>\$ 450,000</u>	<u>\$ 2,067,838</u>	<u>\$ 8,112,820</u>	<u>\$ 32,668,658</u>

The 1990 Dorm Bonds and 1983 Dorm Bonds call for the establishment of certain reserve accounts. The reserve accounts for the 1983 Dorm Bonds are adequate at June 30, 2003. The 1990 Dorm Bond calls for the establishment of Dormitory Bond and Interest Fund, Dormitory Reserve Fund, Dormitory Depreciation Fund and Dormitory Contingent Fund, solely from the net revenues of the dormitory. The 1990 Dorm Bond Resolution states that the Institution will fix and maintain rates and make and collect charges for the use and services of the dormitories sufficient to maintain the required reserve funds. The 1990 Dorm Bond Resolution also states that the Institution will establish and maintain parietal rules, rental rates and charges for the use of the dormitories as may be necessary to assure maximum occupancy and use of the facilities and provide the operations and maintenance expenses of the dormitories, the debt service on the Bonds, the required reserve and the reserves for Depreciation Fund and Contingent Fund. The Institution has established rates and charges to assure maximum occupancy of the dormitories. These rates are comparable to rates at other community colleges in the state. The net revenues at current rates are not sufficient to provide the required reserve funds. Therefore, the Dormitory Bond and Interest Fund, Dormitory Reserve Fund, Dormitory Depreciation Fund and Dormitory Contingent Fund are not funded or being funded as set forth in the Bond Resolutions.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 7 – FUNCTIONAL EXPENSE CLASSIFICATIONS

(10) Natural Classifications with Functional Classifications.

The college's operating expenses by functional classification were as follows for the year ended June 30, 2005:

Functional Classification	Salaries & Fringe		Contractual		Scholarships & Fellowships		Depreciation		Total
	Wages	Benefits	Travel	Services	Utilities	& Fellowships	Commodities	Expense	
Instruction	\$ 11,116,958	\$ 2,516,899	\$ 168,159	\$ 2,853,270	\$ 0	\$ 39,594	\$ 649,499	\$ 0	\$ 17,849,794
Academic support	316,908	82,323	4,942	24,908	0	0	18,735	0	604,540
Student services	1,615,818	407,455	111,825	286,229	0	0	188,579	38,816	2,648,722
Institutional support	1,741,592	446,107	61,578	734,437	0	199	723,993	16,876	3,724,782
Operation of plant	1,118,128	349,614	2,150	676,321	1,138,264	0	1,959,799	1,561,342	6,805,618
Student aid	0	0	0	0	0	10,959,933	0	0	10,959,933
Auxiliary enterprises	367,520	105,814	7,201	856,690	190,816	0	3,060,856	42,973	4,633,870
Depreciation	0	0	0	0	0	0	0	1,281,706	1,281,706
Total Operating Expenses	\$ 16,276,924	\$ 3,908,212	\$ 355,855	\$ 5,433,855	\$ 1,329,080	\$ 10,999,726	\$ 6,601,461	\$ 1,281,706	\$ 48,508,965

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

NOTE 8 – CONSTRUCTION COMMITMENTS AND FINANCING

The college has contracted for various construction projects as of June 30, 2005. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

<u>Project Title</u>	<u>Total Costs to Complete</u>	<u>Federal Sources</u>	<u>Funded by</u>		
			<u>State Sources</u>	<u>Institutional Funds</u>	<u>Other</u>
Convocation Center	\$ <u>13,970,056</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>13,970,056</u>	\$ <u>0</u>
Total	\$ <u>13,970,056</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>13,970,056</u>	\$ <u>0</u>

NOTE 9 – PENSION PLAN

Plan description - The Community College participates in the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. 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 Mississippi State 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.

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 current rate is 9.75% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the Mississippi State Legislature. The college's contributions to PERS for the years ending June 30, 2005, 2004 and 2003 were \$2,572,761, \$2,357,129, and \$2,163,890, respectively, equal to the required contributions for each year.

NOTE 10 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions by the management of the Institution. Those estimates and assumptions affect the reported amounts of assets and liabilities and reported revenues and expenses. It is at least reasonably possible that the estimates and assumptions used could change within the next year.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Institution's operations are located in Fulton and Tupelo, Mississippi and its students come primarily from Mississippi and surrounding states. The Institution's major source of revenue is derived from State appropriations, federal grants, tuition and room and board.

The Institution receives funds, which are applied against students' accounts, from federal and state governmental organizations that provide assistance to students attending institutions of higher education.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

The Institution receives funds, which are applied against students' accounts, from federal and state governmental organizations that provide assistance to students attending institutions of higher education.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Itawamba Community College Foundation, Inc., (Foundation), is a Mississippi non-profit corporation chartered on January 30, 1975. The Foundation's purpose is to receive and hold by gift, bequest, devise, grant, purchase, lease or otherwise any real or personal property, and to invest and reinvest, and to use and dispose of the same for the purpose of providing residents of the State of Mississippi with funds to pursue their collegiate training at Itawamba Community College. The funds are used to acquire or purchase real or personal property; to pay for service for instruction; to provide funds to carry on any proper activity at the Itawamba Community College; and to engage in any and all lawful activities that may be incidental or reasonably necessary to carry out its purposes.

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires the Foundation to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Contributions

Contributions are recorded in accordance with Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. Investments

The Foundation has adopted Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

E. Fair Values of Financial Instruments

Statement of Financial Accounting Standards No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recorded in the statement of financial condition.

The following methods were used by the Foundation in determining its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial condition for cash and cash equivalents approximate those assets' fair values.

Investment securities: Fair values for investment securities are based on quoted market prices.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 2 - PREMISES

The Foundation has an agreement with Itawamba Community College whereby the Foundation and the Community College share the use of two buildings for activities of each respective organization.

NOTE 3 - DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Foundation's fund raising events.

NOTE 4 - ENDOWMENT FUND

The endowment fund is used to account for resources that are subject to restrictions. The endowment fund must maintain a balance of \$1,800,000 plus one-half of the accumulated investment income earned thereon.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 5 - UNITED STATES DEPARTMENT OF EDUCATION CHALLENGE GRANT

During the fiscal year ended June 30, 1990, the Foundation was awarded a Challenge Grant by the United States Department of Education in the amount of \$1,200,000. The grant period is May 1, 1990, through April 20, 2010. The U.S. Department of Education contribution must be matched on a two-to-one basis by the end of the grant period. The purpose of the grant is to augment the Foundation's endowment fund. The Foundation has met the financial and compliance requirements of the United States Department of Education grant received during the year.

NOTE 6 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 7 - PROMISES TO GIVE

Unconditional promises to give at June 30, 2005, are as follows:

Receivable in less than one year	\$	51,900
Receivable in one to five years		<u>67,750</u>
 Total unconditional promises to give		 119,650
 Less discounts to net present value		 (5,420)
Less allowance for uncollectible promises		<u>(4,540)</u>
 Net unconditional promises to give at June 30, 2005	 \$	 <u>109,690</u>

Discount rates used on long-term promises to give ranged from 4% to 6% in 2005.

NOTE 8 - INVESTMENTS

Long-term investments are stated at fair value. Fair values and unrealized appreciation at June 30, 2005 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Investments Held: Balances at June 30, 2005	\$ 3,736,189	\$ 6,766,840	\$ 3,030,651

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at one financial institution. The carrying value of the Foundation's deposits at June 30, 2005 was \$601,686 and the respective bank balances were \$782,319. The Foundation's deposits were not fully insured. Of the total bank balances, \$100,000 was covered by Federal Depository Insurance. The remaining \$682,319 was not insured.

SUPPLEMENTAL INFORMATION

OTHER REPORTS

**ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended June 30, 2005**

	CFDA NUMBER	TOTAL EXPENDITURES
Major Programs		
Student Financial Aid		
Department of Education:		
Federal Pell Grant Program	84.063	\$ 8,125,088
Federal Work-Study Program	84.033	218,432
Federal Supplemental Educational Opportunity Grant	84.007	113,498
Private lending institutions:		
Federal Family Education Loans	84.032	<u>5,174,094</u>
Total Student Financial Aid		<u>13,631,112</u>
Department of Education		
Adult Education-State Administered Basic Grant Programs	84.002	444,085
Leveraging Educational Assistance Partnership	84.069	<u>3,948</u>
Total Department of Education		<u>448,033</u>
Department of Labor		
Workforce Investment Act	17.258	<u>1,423,628</u>
Total Major Programs		<u>15,502,773</u>
Other Federal Assistance		
Department of Education		
Vocational Education-Basic Grants to States	84.048	237,353
Tech-Prep Education	84.243	<u>44,892</u>
Total Department of Education		<u>282,245</u>
Department of Health and Human Services		
Head Start Program	93.600	<u>19,365</u>
Technology Transfer	43.002	<u>4,500</u>
National Institute of Standards and Technology		
Manufacturing Extension Partnership	11.611	<u>46,187</u>
Total Other Federal Assistance		<u>352,297</u>
Total Federal Financial Assistance		<u>\$ 15,855,070</u>

Notes to Schedule of Federal Financial Assistance

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements, with the following exceptions:

- (1) For purposes of this schedule, loans made to students under the Federal Family Education Loans (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students nor the outstanding loan balance is included in the financial statements since the loans are made and subsequently collected by private lending institutions and/or the federal government



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JARRELL, P.A.**

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**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 Directors
Itawamba Community College

We have audited the financial statements of Itawamba Community College as of and for the year ended June 30, 2005, and have issued our report dated February 17, 2006. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Itawamba Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Itawamba Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the use of Itawamba Community College, 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. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.

February 17, 2006



**FRANKS,
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Itawamba Community College

Compliance

We have audited the compliance of Itawamba Community College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Itawamba Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and reportable conditions. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Itawamba Community College's management. Our responsibility is to express an opinion on Itawamba Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Itawamba Community College'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 on Itawamba Community College's compliance with those requirements.

In our opinion, Itawamba Community College complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Itawamba Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Itawamba Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the use of Itawamba Community College, 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. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
February 17, 2006



**FRANKS,
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Board of Directors
Itawamba Community College

We have audited the financial statements of Itawamba Community College as of and for the year ended June 30, 2005, and have issued our report dated February 17, 2006.

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.

We have also performed procedures to test compliance with certain laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of management, entities with accreditation overview, and 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. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
February 17, 2006

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**ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2005**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified
 Internal control over financial reporting:
 Material weakness identified? Yes X No
 Reportable condition identified
 not considered to be material weaknesses? Yes X None reported
 Noncompliance material to financial statements
 noted? Yes X No

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? Yes X No
 Reportable condition(s) identified
 not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance
 for major programs: unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	Workforce Investment Act
84.002	Adult Education-State Grant Program Adult
<u>Cluster of Programs - Student Financial Aid:</u>	
84.063	Federal Pell Grant Program
84.033	Federal Work-Study Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.032	Stafford, SLS and Plus Loan Programs

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 320,429

Auditee qualified as low-risk auditee? Yes X No

**ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2005**

SECTION 2 - FINANCIAL STATEMENT FINDINGS:

There were no findings related to the financial statements.

SECTION 3 - FEDERAL AWARD FINDINGS:

There were no findings related to federal award programs.