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FINANCIAL STATEMENTS
ITAWAMBA COMMUNITY COLLEGE

For the Year Ended
June 30, 2014

ITAWAMBA COMMUNITY COLLEGE

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FINANCIAL STATEMENTS

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners
Gary Franks, CPA

Greg Jarrell, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (emeritus)

Independent Auditors' Report on Financial Statements and Supplemental Information

Board of Directors
Itawamba Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Itawamba Community College as of and for the year ended June 30, 2014, and the related notes to the financial statements, which comprise the College's basic financial statements as listed in the table of contents. We have also audited the statement of financial position of Itawamba Community College Foundation, Inc., a discretely presented component unit of Itawamba Community College, as of June 30, 2014, and the related statements of activities and cash flows for the year then ended. The financial statements of Itawamba Community College Foundation, Inc. are presented in comparative form and report the financial position of the Foundation for the June 30, 2014 and 2013 fiscal years.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement. The financial statements of Itawamba Community College Foundation, Inc. were not audited in accordance with Governmental Auditing Standards.

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

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

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2015 on our consideration of Itawamba Community College'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Itawamba Community College's internal control over financial reporting and compliance.

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, 2014 and 2013. 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. 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 Position, the Statement of Revenues, Expenses, and Changes in Net Position, 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 Position includes all assets and liabilities. The College's net position (the difference between assets and liabilities) are one indicator of the College's financial health. Over time, increases or decreases in net position 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 Position 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 Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets	\$ 34,422,668	\$ 33,360,392
Noncurrent Assets	<u>78,969,957</u>	<u>80,590,929</u>
Total Assets	<u>113,392,625</u>	<u>113,951,321</u>
Liabilities		
Current Liabilities	3,302,846	4,351,453
Noncurrent Liabilities	<u>7,003,018</u>	<u>8,405,383</u>
Total Liabilities	<u>10,305,864</u>	<u>12,756,836</u>
Net Position		
Net Investment in Capital Assets	70,631,957	70,270,151
Restricted:		
Expendable	8,401,612	7,751,950
Unrestricted	<u>24,053,192</u>	<u>23,172,384</u>
Total Net Position	<u>\$ 103,086,761</u>	<u>\$ 101,194,485</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 \$29,562,618 and \$27,190,359 at June 30, 2014 and 2013, 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 \$716,414 and \$715,513 at June 30, 2014 and 2013, 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 \$3,139,697 and \$4,421,599 at June 30, 2014 and 2013, 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 \$1,003,783 and \$1,032,566 at June 30, 2014 and 2013, respectively.

Noncurrent assets

Capital Assets, Net

Capital assets, net, consist of land, infrastructure, buildings, equipment, and historical library holdings at June 30, 2014 and 2013. The amount reported is net of accumulated depreciation. Capital assets, net totaled \$78,969,957 and \$80,163,151 at June 30, 2014 and 2013, respectively.

Liabilities

Current Liabilities

Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities represent amounts due at June 30, 2014 and 2013 for goods and services received before the end of the fiscal year. The accounts payable and accrued liabilities totaled \$1,027,174 and \$2,087,186 at June 30, 2014 and 2013, respectively.

Unearned Revenue

Unearned 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, 2014 and 2013 fiscal years. The unearned revenue totaled \$875,540 and \$706,550 at June 30, 2014 and 2013, 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, 2014 and 2013 fiscal years. The amount of the current portion of long-term debt at June 30, 2014 and 2013 was \$1,400,132 and \$1,557,717, 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 \$65,150 and \$70,100 at June 30, 2014 and 2013, 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 \$6,937,868 and \$8,335,283 at June 30, 2014 and 2013, respectively.

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

Net Position

Net Position represents the difference between the College's assets and liabilities. Total net position at June 30, 2014 and 2013 were \$103,086,761 and \$101,194,485, respectively.

Analysis of Net Position

Restricted nonexpendable net position consists of endowment gifts with specific restrictions on spending the principal given.

Restricted expendable net position consists 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 position:

	<u>2014</u>	<u>2013</u>
Debt Service	\$ 178,636	\$ 160,274
Capital Projects	7,533,709	7,004,130
Other	<u>689,267</u>	<u>587,546</u>
 Total Restricted Net Position	 <u>\$ 8,401,612</u>	 <u>\$ 7,751,950</u>

Unrestricted net position represents 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 position:

	<u>2014</u>	<u>2013</u>
Unrestricted General Fund	\$ 12,814,001	\$ 12,234,743
Unrestricted Auxiliary Funds	<u>11,239,191</u>	<u>10,937,641</u>
 Total Unrestricted Net Position	 <u>\$ 24,053,192</u>	 <u>\$ 23,172,384</u>

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

For the year ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Tuition and Fees	\$ 13,667,201	\$ 12,679,374
Grants and Contracts	23,084,693	25,545,114
Auxiliary Enterprises	7,847,386	8,103,544
Other Operating Revenues	<u>1,038,449</u>	<u>1,350,720</u>
 Total Operating Revenues	 <u>45,637,729</u>	 <u>47,678,752</u>
 Operating Expenses	 <u>72,730,282</u>	 <u>78,094,013</u>
 Operating Loss	 <u>(27,092,553)</u>	 <u>(30,415,261)</u>
 Nonoperating Revenues:		
State Appropriations	18,424,558	20,033,209
Local Appropriations	5,219,412	5,407,821

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

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

	<u>2014</u>	<u>2013</u>
Noncapital Gifts	\$ 1,121,781	\$ 5,393,408
Investment Income, Net	41,825	12,378
Interest expense on capital asset-related debt	(265,233)	(241,486)
Other Nonoperating Revenues	<u>(14,030)</u>	<u>0</u>
Net Nonoperating Revenues	<u>24,528,313</u>	<u>30,605,330</u>
Income (Loss) Before Other Revenues	(2,564,240)	190,069
Appropriations restricted for capital purposes	<u>4,884,294</u>	<u>6,967,789</u>
Total Other Revenues	<u>4,884,294</u>	<u>6,967,789</u>
Total Increase in Net Position	<u>2,320,054</u>	<u>7,157,858</u>
Net Position		
Net Position at Beginning Year, as originally stated	101,194,485	94,036,627
Prior Period Adjustment	<u>(427,778)</u>	<u>0</u>
Net Position at Beginning of Year, as restated	<u>100,766,707</u>	<u>94,036,627</u>
Net Position at End of Year	<u>\$ 103,086,761</u>	<u>\$ 101,194,485</u>

Total operating loss for the fiscal year 2014 and 2013 was \$27,092,553 and \$30,415,261, 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 2014 and 2013 were \$45,637,729 and \$47,678,752, respectively. Tuition and fees were \$13,667,201 and \$12,679,374, respectively. The tuition discount was \$3,297,956 and \$2,798,875, respectively. Operating expenses, including depreciation and amortization of \$3,046,377 and \$2,895,631, totaled \$72,730,282 and \$78,094,013, respectively. Of this total \$26,486,444 and \$30,022,818 or 36% and 38% was for instruction.

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

Revenues

Operating Revenues

Tuition and Fees

This category includes all tuition and fees assessed for educational purposes totaling \$13,667,201 and \$12,679,374 for June 30, 2014 and 2013. The tuition discount for the 2014 and 2013 fiscal years was \$3,297,956 and \$2,798,875, respectively.

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Federal Sources	\$ 18,174,588	\$ 21,061,081
State Sources	<u>4,910,105</u>	<u>4,484,033</u>
Total All Sources	<u>\$ 23,084,693</u>	<u>\$ 25,545,114</u>

Sales and Services from Educational Activities

Other operating revenues consist of income from educational activities that totaled \$367,518 and \$529,274 for the 2014 and 2013 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 \$72,730,282 and \$78,094,013 include salaries and benefits of \$33,888,837 and \$36,078,199, scholarships and fellowships of \$19,634,825 and \$20,609,729, utilities of \$1,947,385 and \$1,773,279, supplies of \$7,654,189 and \$9,323,928, contractual services of \$6,203,235 and \$6,990,750, and depreciation and amortization of \$3,046,377 and \$2,895,931, respectively for June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Expenses by Function:		
Instruction	\$ 26,486,444	\$ 30,022,818
Academic Support	774,893	815,549
Student Services	4,575,029	4,764,958
Institutional Support	6,226,366	6,620,770
Operations and Maintenance of Plant	5,835,175	6,881,909
Student Financial Aid	19,523,999	20,539,094
Auxiliary Enterprises	6,261,999	5,614,095
Depreciation	<u>3,046,377</u>	<u>2,834,820</u>
Total Operating Expenses by Function	<u>\$ 72,730,282</u>	<u>\$ 78,094,013</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 \$18,424,558 for 2014 fiscal year and \$21,802,223 for 2013 fiscal year, of which \$18,424,558 and \$20,033,209 was for operations. State capital aid in the amount of \$0 and \$1,769,014 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 and 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 \$5,219,412 and \$5,407,821 for the 2014 and 2013 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 \$1,121,781 and \$5,393,408 at June 30, 2014 and 2013, respectively.

Investment Income, Net

This includes the interest income from the cash in the bank accounts. The investment income at June 30, 2014 and 2013 shows \$41,825 and \$12,378 in investment income.

Other Revenues

State Appropriations for Capital Purposes

\$0 and \$1,769,014 are the amounts of revenue received from the State of Mississippi to purchase, construct, renovate, or repair capital assets during the 2014 and 2013 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 \$4,884,294 and \$4,521,613 for the 2014 and 2013 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, 2014 and 2013

	2014	2013
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (23,624,462)	\$ (24,783,906)
Noncapital Financing Activities	24,776,741	31,059,483
Capital and Related Financing Activities	1,178,861	(2,210,133)
Investing Activities	41,119	11,144
Net Increase (Decrease) in Cash and Cash Equivalents	2,372,259	4,076,588
Cash and Cash Equivalents – Beginning of the Year	27,190,359	23,113,771
Cash and Cash Equivalents – End of the Year	\$ 29,562,618	\$ 27,190,359

The major sources of funds included in operating activities include student tuition and fees, \$13,978,659 and \$13,087,464, auxiliary enterprises, \$7,855,807 and \$8,188,364, and grants and contracts, \$24,373,006 and \$26,116,743. The major uses of funds were payments made to employees, \$33,852,453 and \$35,979,523 and to suppliers, \$8,700,121 and \$10,309,036 for fiscal year end June 30, 2014 and 2013.

The largest inflow of cash in the noncapital financing activities group is the State appropriation of \$18,418,127 and \$20,274,273 for June 30, 2014 and 2013, respectively.

**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 2014 financial situation. The decrease in 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 twenty-five 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.

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2014

	June 30, 2014
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 29,562,618
Short-term investments	716,414
Accounts receivables, net	3,139,697
Accrued interest receivable	156
Inventories	1,003,783
Total Current Assets	34,422,668
Noncurrent assets:	
Capital assets, net of accumulated depreciation	78,969,957
Total Noncurrent Assets	78,969,957
Total Assets	113,392,625
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,027,174
Unearned revenues	875,540
Long-term debt - current portion	1,400,132
Total Current Liabilities	3,302,846
Noncurrent liabilities:	
Deposits refundable	65,150
Long-term debt	6,937,868
Total Noncurrent Liabilities	7,003,018
Total Liabilities	10,305,864
 NET POSITION	
Net Investment in Capital Assets	70,631,957
Restricted for:	
Expendable:	
Capital projects	7,533,709
Debt service	178,636
Other purposes	689,267
Unrestricted	24,053,192
Total Net Position	\$ 103,086,761

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

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(With comparative information as of June, 2013)

	2014	2013
Assets		
Cash	\$ 1,595,280	\$ 1,545,201
Investments, at fair value	6,303,729	5,376,711
Pledges receivable, net	1,290,347	1,419,592
Interest receivable	75	104
Total assets	\$ 9,189,431	\$ 8,341,608
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,326	\$ 70,796
Deferred compensation payable	-	265,149
Total liabilities	6,326	335,945
Net assets:		
Unrestricted	6,364,372	5,367,620
Temporarily restricted	2,818,733	2,638,043
Total net assets	9,183,105	8,005,663
Total liabilities and net assets	\$ 9,189,431	\$ 8,341,608

See accompanying notes to financial statements.

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2014

Operating Revenues:	
Tuition and fees (net of scholarship allowances of \$3,297,956)	\$ 13,667,201
Federal grants and contracts	18,174,588
State grants and contracts	4,910,105
Sales and services of educational departments	367,518
Auxiliary enterprises:	
Student housing (net of scholarship allowances of \$330,482)	1,407,471
Food services (net of scholarship allowances of \$406,746)	1,416,573
Bookstore	4,889,779
Other auxiliary revenues	133,563
Other operating revenues	<u>670,931</u>
Total Operating Revenues	<u>45,637,729</u>
Operating Expenses:	
Salaries and wages	26,155,478
Fringe benefits	7,733,359
Travel	355,434
Contractual services	6,203,235
Utilities	1,947,385
Scholarships and fellowships	19,634,825
Commodities	7,654,189
Depreciation and amortization expense	3,046,377
Other operating expense	<u>0</u>
Total Operating Expenses	<u>72,730,282</u>
Operating Income (Loss)	<u>(27,092,553)</u>
Nonoperating Revenues (Expenses):	
State appropriations	18,424,558
Local appropriations	5,219,412
Gifts	1,121,781
Investment income	41,825
Interest expense on capital asset-related debt	(265,233)
Other nonoperating revenues (expenses)	<u>(14,030)</u>
Total Net Nonoperating Revenues (Expenses)	<u>24,528,313</u>
Income (Loss) before Other Revenues, Expenses, Gains and Losses	<u>(2,564,240)</u>
Federal appropriations restricted for capital purposes	0
State appropriations restricted for capital purposes	0
Local appropriations restricted for capital purposes	<u>4,884,294</u>
Total Net Nonoperating Revenues (Expenses)	<u>4,884,294</u>
Change in Net Position	<u>2,320,054</u>
Net Position:	
Net Position - Beginning of Year, as originally stated	101,194,485
Prior Period Adjustment	<u>(427,778)</u>
Net Position - Beginning of Year, as restated	<u>100,766,707</u>
Net Position - End of Year	<u>\$ 103,086,761</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, 2014
(With summarized information for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Revenue:				
Contributions	\$ 81,193	\$ 315,912	\$ 397,105	\$ 387,272
Investment income	119,098	-	119,098	161,510
Net realized and unrealized (losses) gains on investments	822,447	-	822,447	944,721
Net assets released from restrictions	<u>135,222</u>	<u>(135,222)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,157,960</u>	<u>180,690</u>	<u>1,338,650</u>	<u>1,493,503</u>
Expenses:				
Program services:				
Contributions and support for ICC				
Capital projects	-	-	-	2,085,141
Distributions for educational purposes	98,795	-	98,795	113,459
Support services:				
Management and general:				
Operational expenses	5,411	-	5,411	81,208
Investment management fees	22,183	-	22,183	31,039
Professional development	19,522	-	19,522	18,252
Other expenses	<u>15,297</u>	<u>-</u>	<u>15,297</u>	<u>11,818</u>
Total expenses	<u>161,208</u>	<u>-</u>	<u>161,208</u>	<u>2,340,917</u>
Change in net assets	996,752	180,690	1,177,442	(847,414)
Net assets at beginning of year	<u>5,367,620</u>	<u>2,638,043</u>	<u>8,005,663</u>	<u>8,853,077</u>
Net assets at end of year	<u>\$ 6,364,372</u>	<u>\$ 2,818,733</u>	<u>\$ 9,183,105</u>	<u>\$ 8,005,663</u>

See accompanying notes to financial statements.

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

Cash Flows from Operating Activities:	
Tuition and fees	\$ 13,978,659
Grants and contracts	24,373,006
Sales and services of educational departments	367,518
Payments to suppliers	(8,700,121)
Payments to employees for salaries and benefits	(33,852,453)
Payments for utilities	(1,951,079)
Payments for scholarships and fellowships	(19,634,825)
Auxiliary enterprise charges:	
Student housing	1,402,521
Food services	1,416,573
Bookstore	4,900,392
Other auxiliary enterprises	136,321
Other receipts (payments)	(6,060,974)
Net Cash Provided (Used) by Operating Activities	(23,624,462)
Cash Flows from Noncapital Financing Activities:	
State appropriations	18,418,127
Local appropriations	5,236,833
Gifts and grants for other than capital purposes	1,121,781
Net Cash Provided (Used) by Noncapital Financing Activities	24,776,741
Cash Flows from Capital and Related Financing Activities:	
Cash paid for capital assets	(1,867,213)
Capital appropriations received	4,884,294
Principal paid on capital debt and leases	(1,555,000)
Interest paid on capital debt and leases	(283,220)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,178,861
Cash Flows from Investing Activities:	
Short-term investments	(901)
Interest received on investments	42,020
Net Cash Provided (Used) by Investing Activities	41,119
Net Increase (Decrease) in Cash and Cash Equivalents	2,372,259
Cash and Cash Equivalents - Beginning of the Year	27,190,359
Cash and Cash Equivalents - End of Year	\$ 29,562,618

ITAWAMBA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

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

Operating income (loss)	\$ <u>(27,092,553)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	3,046,377
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	1,270,916
Inventories	28,783
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	(1,042,025)
Unearned revenues	168,990
Deposits refundable	<u>(4,950)</u>
Total adjustments	<u>3,468,091</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(23,624,462)</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, 2014
(With comparative information for the year ended June, 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,177,442	\$ (847,414)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	(822,447)	(944,721)
Changes in assets and liabilities:		
Pledges receivable	129,245	388,791
Interest receivable	29	213
Accounts payable	(64,470)	(3,882,357)
Gift annuity payable	-	(35,523)
Deferred compensation payable	<u>(265,149)</u>	<u>56,206</u>
Net cash provided by (used in) operating activities	<u>154,650</u>	<u>(5,264,805)</u>
Cash flows from investing activities:		
Purchase of investments	(104,571)	(122,089)
Proceeds from sales and maturities of investments	<u>-</u>	<u>5,343,347</u>
Net cash provided by (used in) investing activities	<u>(104,571)</u>	<u>5,221,258</u>
Net change in cash	50,079	(43,547)
Cash at beginning of year	<u>1,545,201</u>	<u>1,588,748</u>
Cash at end of year	<u>\$ 1,595,280</u>	<u>\$ 1,545,201</u>

See accompanying notes to financial statements.

ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014, the Foundation distributed \$98,795 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
June 30, 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- E. 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.
- F. 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.
- G. 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.
- H. 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 4 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.
- I. Unearned Revenues - Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.
- J. 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.
- K. 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
June 30, 2014

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 through the State Board of Community and Junior Colleges. The appropriations are distributed to community and junior colleges based on a funding formula which has been approved by all of the presidents of the colleges. Currently, the first 15% of the appropriations are split equally among the colleges, and then the remaining 85% of the appropriations are allocated based on the college’s total credit hours generated by all students with special consideration given to those programs that are considered high costs 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 Position - GASB Statement No. 63 reports equity as “Net Position” rather than “Net Assets”. Net position is classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in federal loan programs.

- N. 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.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – 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, 2014, \$0 of the institution's bank balance was exposed to custodial credit risk.

- B. Investments – Investment policies as set forth by policy and state statute also authorize the college to invest in equity securities, bonds and other securities. Investments are reported at fair value (market).

The following table summarizes the carrying values of the college's investments reported on the statement of net position at June 30, 2014:

Short-term investments	\$ <u>716,414</u>
------------------------	-------------------

The following table summarizes the categorization of investments at June 30, 2014:

<u>Investment Type</u>	<u>Matures (in Years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of deposit	Less than 1	\$ <u>716,414</u>	Not Rated

Interest Rate Risk - The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – CASH AND INVESTMENTS - continued

Credit Risk - State law limits investments to those prescribed in Section 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972) The College does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014, the college did not have any investments to which this would apply.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2014:

Student tuition	\$ 1,206,420
Auxiliary enterprises and other operating activities	3,857
Federal, state, and private grants and contracts	559,804
State appropriations	312,378
Local appropriations	317,073
Other	<u>1,455,864</u>
Total Accounts Receivable	3,855,396
Less allowance for doubtful accounts	<u>715,699</u>
Net Accounts Receivable	<u>\$ 3,139,697</u>

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 1,004,137	\$ 0	\$ 0	\$ 1,004,137
Construction in progress	<u>14,787,196</u>	<u>1,408,693</u>	<u>(14,827,381)</u>	<u>1,368,508</u>
Total Nondepreciable Capital Assets	<u>\$ 15,791,333</u>	<u>\$ 1,408,693</u>	<u>\$ (14,827,381)</u>	<u>\$ 2,372,645</u>
Depreciable Capital Assets:				
Improvements other than buildings	\$ 11,655,897	\$ 0	\$ 0	\$ 11,655,897
Buildings	75,482,924	14,907,387	0	90,390,311
Equipment	8,643,138	304,847	(322,570)	8,625,415
Library books	<u>1,878,073</u>	<u>73,667</u>	<u>(5,474)</u>	<u>1,946,266</u>
Total Depreciable Capital Assets	<u>\$ 97,660,032</u>	<u>\$ 15,285,901</u>	<u>\$ (328,044)</u>	<u>\$ 112,617,889</u>
Less Accumulated Depreciation for:				
Improvements other than buildings	\$ 4,495,688	\$ 400,552	\$ 0	\$ 4,896,240
Buildings	21,393,352	1,746,455	0	23,139,807
Equipment	5,842,500	823,885	(308,540)	6,357,845
Library books	<u>1,556,674</u>	<u>75,485</u>	<u>(5,474)</u>	<u>1,626,685</u>
Total Accumulated Depreciation	<u>\$ 33,288,214</u>	<u>\$ 3,046,377</u>	<u>\$ (314,014)</u>	<u>\$ 36,020,577</u>
Total Depreciable Capital Assets, Net	<u>\$ 64,371,818</u>	<u>\$ 12,239,524</u>	<u>\$ (14,030)</u>	<u>\$ 76,597,312</u>
Capital Assets, Net	<u>\$ 80,163,151</u>	<u>\$ 13,648,217</u>	<u>\$ (14,841,411)</u>	<u>\$ 78,969,957</u>

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 – 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 Lives	Salvage Value	Capitalization Threshold
Buildings	40 years	20%	50,000
Improvements other than buildings	20 years	20%	25,000
Equipment	3-15 years	1 - 10%	5,000
Library books	10 years	0%	0

ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 – 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, 2014.

Description and Purpose	Original Issue	Annual Int. Rate	Maturity	Beginning Balance	Additions	Deletions	Balance June 30, 2014	Due Within One Year
<u>Bonded Debt</u>								
1989 Dorm Revenue Bonds	3,000,000	5.50%	05/2014 \$	185,000 \$	\$	185,000 \$	0 \$	0
1981 Dorm Revenue Bonds	2,008,000	3.00%	10/2021	508,000		60,000	448,000	60,000
2011 Refunding Bonds	9,720,000	2.00%-3.00%	02/2020	8,420,000		1,125,000	7,295,000	1,145,000
Total Bonded Debt				9,113,000		1,370,000	7,743,000	1,205,000
<u>Other Long-term Liabilities</u>								
Capital Lease Payable				780,000		185,000	595,000	195,132
Deposits Refundable				70,100	67,250	72,200	65,150	
Total Other Long-term Liabilities				850,100	67,250	257,200	660,150	195,132
Total				\$ 9,963,100 \$	67,250 \$	1,627,200	8,403,150 \$	1,400,132
Due within one year							1,400,132	
Total Long-term Liabilities							\$ 7,003,018	

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5 – LONG-TERM LIABILITIES – 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, 2014, is listed in the following schedule. A schedule detailing the annual requirements necessary to amortize the outstanding debt is also provided.

	Bonded Debt	Capital Lease	Interest	Total
2015	\$ 1,205,000	\$ 195,132	\$ 240,414	\$ 1,640,546
2016	1,225,000	202,840	208,006	1,635,846
2017	1,255,000	197,028	169,069	1,621,097
2018	1,290,000	0	123,090	1,413,090
2019	1,325,000	0	84,390	1,409,390
2020-2024	1,443,000	0	51,240	1,494,240
2025-2029	0	0	0	0
2030-2034	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 7,743,000</u>	<u>\$ 595,000</u>	<u>\$ 876,209</u>	<u>\$ 9,214,209</u>

ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 – 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, 2014:

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation & Amortization Expense		Total
								Amortization Expense	Other	
Instruction	\$ 17,309,224	\$ 4,949,539	\$ 150,412	\$ 2,748,114	\$ 10,969	\$ 104,421	\$ 1,213,765	\$ 0	\$ 0	\$ 26,486,444
Academic support	484,143	158,281	12,698	35,499	0	0	84,272	0	0	774,893
Student services	2,997,344	919,091	108,904	324,732	0	0	224,958	0	0	4,575,029
Institutional support	2,952,243	903,655	74,404	886,205	0	6,405	1,403,454	0	0	6,226,366
Operation of plant	1,788,423	618,725	3,552	931,793	1,423,753	0	1,068,929	0	0	5,835,175
Student aid	0	0	0	0	0	19,523,999	0	0	0	19,523,999
Auxiliary enterprises	624,101	184,068	5,464	1,276,892	512,663	0	3,658,811	0	0	6,261,999
Depreciation	0	0	0	0	0	0	0	3,046,377	0	3,046,377
Total Operating Expenses	\$ 26,155,478	\$ 7,733,359	\$ 355,434	\$ 6,203,235	\$ 1,947,385	\$ 19,634,825	\$ 7,654,189	\$ 3,046,377	\$ 0	\$ 72,730,282

**ITAWAMBA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 – CONSTRUCTION COMMITMENTS AND FINANCING

The college has contracted for various construction projects as of June 30, 2014. 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>
TIS/Child Care Project	\$ 242,775	\$ 0	\$ 0	\$ 242,775	\$ 0
Football Stadium	42,738	0	0	42,738	0
Health Science Bld.	<u>5,753</u>	<u>0</u>	<u>0</u>	<u>5,753</u>	<u>0</u>
Total	\$ <u>291,266</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>291,266</u>	\$ <u>0</u>

NOTE 8 – 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 9% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The current rate is 15.75% 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, 2014, 2013 and 2012 were \$5,998,986, \$6,004,800 and \$5,673,829, respectively, equal to the required contributions for each year.

NOTE 9 - 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
June 30, 2014**

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, Itawamba Community College implemented GASB Statement No. 65 Items Previously Reported as Assets and Liabilities for EPB. This statement establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation resulted in a direct decrease of \$427,778 to net position to eliminate bond issue costs.

NOTE 11 – SUBSEQUENT EVENTS

The Institution has evaluated subsequent events through January 21, 2015, which is the date the financial statements were available to be issued.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Itawamba Community College Foundation, Inc., (the 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.

B. Basis of Accounting

The accounts of the Foundation are maintained in accordance with the principles of not-for-profit accounting. The statements have been prepared on an accrual basis.

C. Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified in to, the following three categories:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of the Foundation.
- Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are time restricted.
- Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit the Foundation to use or expand part or all of the income derived from the donated assets for either specified or unspecified purposes.

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 their use is restricted by donor-imposed restrictions. Expirations of temporary 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.

D. Income Taxes

The Foundation is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been made. As of June 30, 2014, there were no material uncertain tax positions.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. 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. 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 consolidated statements of activities at estimated fair value.

F. Investments

Investments are reported at fair value using the three-level hierarchy established under ASC 820. Purchases and sales of securities are recorded on the trade dates, and realized gains and losses are determined on the basis of the average historical cost of the securities sold. Unrealized gains and losses are included in the change in net assets.

G. Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three board levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

H. Cash and Cash Equivalents

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

I. Pledges Receivable

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

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Gift Annuity Agreements

The Foundation has entered into gift annuity agreements that provide that the Foundation shall pay to the designated beneficiaries an annual amount until the death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. The foundation records the assets received at fair value and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries, with the residual amount recorded as contribution revenue. Due to the death of the beneficiary during 2013, the assets of the gift annuity are now held by the Foundation in accordance with the agreements.

K. Prior Year Information

The financial statements include certain prior year information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets at the end of June 30, 2014, are restricted for the following purposes:

Student financial support	\$ 1,442,082
Health Science Center building	<u>1,376,651</u>
Total temporarily restricted net assets	<u>\$ 2,818,733</u>

NOTE 3 - 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 4 - DEFERRED COMPENSATION PAYABLE

The Foundation had entered into a deferred compensation agreement with the former president of Itawamba Community College. Under this plan, the receipt of compensation may be deferred. IRC 457(b) limits the amount of annual compensation that may be elected for deferral and the manner in which the deferred compensation may be distributed. A liability of \$0 for this plan is reflected on the statement of financial position as of June 30, 2014 due to the retirement of the aforementioned president during the year.

NOTE 5 - 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.

ITAWAMBA COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - INVESTMENTS

Investments consisted of the following at June 30, 2014:

Investments:	Cost	Market value (Level 1)
Common stocks	\$ 4,315	\$ 4,896
Bond funds	1,526,899	1,908,021
Stock funds	984,080	4,200,417
Certificates of deposit	185,201	185,201
Short-term investments	5,194	5,194
Total investments	<u>\$ 2,705,689</u>	<u>\$ 6,303,729</u>

Level 1: Common stocks, bond funds, stock funds, and short-term investments are valued at the closing price reported in the active market on which the individual securities or funds are traded.

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable, net, are summarized as follows at June 30, 2014:

Unconditional promises expected to be collected in:	
Less than one year	\$ 354,900
One to ten years	1,021,751
	<u>1,376,651</u>
Less unamortized discount (rates range from .25% to .75%)	(83,859)
	<u>1,292,792</u>
Less allowance for uncollectible pledges	(2,445)
	<u>\$ 1,290,347</u>

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents, investments in marketable securities, and pledges receivable. As a matter of policy, the Foundation only maintains cash balances with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios.

NOTE 9 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through January 21, 2015 the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended June 30, 2014

	CFDA NUMBER	TOTAL EXPENDITURES
Major Programs		
Student Financial Aid Cluster		
U.S. Department of Education:		
Federal Pell Grant Program	84.063	\$ 14,689,144
Federal Work-Study Program	84.033	217,423
Federal Supplemental Educational Opportunity Grant	84.007	178,739
Private Lending Institutions:		
Federal Family Education Loans	84.032	6,485,913
Total Student Financial Aid Cluster		<u>21,571,219</u>
U.S. Department of Labor:		
Workforce Investment Act	17.258	1,258,017
Total Major Programs		<u>22,829,236</u>
Other Federal Assistance		
U.S. Department of Education:		
Adult Education-State Administered Basic Grant Programs	84.002	410,670
Vocational Education-Basic Grants to States	84.048	405,856
Tech-Prep Education	84.243	15,000
Total U.S. Department of Education		<u>831,526</u>
U.S. Department of Labor		
TAA Community College Career and Training Grant Programs	17.245	465,724
Job Training Grants Program - Made in American Grants	17.268	6,344
		<u>472,068</u>
U.S. Department of Commerce		
Manufacturing Extension Partnership	11.611	145,720
Total U.S. Department of Commerce		<u>145,720</u>
National Aeronautics and Space Administration:		
Technology Transfer - Aerospace Education Services Program	43.002	3,299
National Science Foundation		
Mathematical and Physical Science	47.076	170
U.S. Department of Treasury		
Financial Education and Counseling Pilot Program	21.010	33,749
Appalachian Regional Commission		
ARC Area Development - Learning Resource Center	23.002	344,733
Total Other Federal Assistance		<u>1,831,265</u>
Total Federal Financial Assistance		<u>\$ 24,660,501</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.

OTHER REPORTS

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Greg Jarrell, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (emeritus)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Itawamba Community College as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Itawamba Community College's basic financial statements, and have issued our report thereon dated January 21, 2015. We have also audited the statement of financial position of Itawamba Community College Foundation, Inc. a discretely presented component unit of Itawamba Community College, as of June 30, 2014, and the statements of activities and cash flows for the year then ended. The financial statements of Itawamba Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Itawamba Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Itawamba Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Itawamba Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Itawamba Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

Purpose of this Report

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

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
January 21, 2015

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Itawamba Community College

Report on Compliance for Each Major Federal Program

We have audited Itawamba Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Itawamba Community College's major federal programs for the year ended June 30, 2014. Itawamba Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Itawamba Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Itawamba Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Itawamba Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Itawamba Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Itawamba Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Itawamba Community College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

FRANKS, FRANKS, JARRELL & WILEMON, P.A.
January 21, 2015

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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, 2014, and have issued our report dated January 21, 2015. 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 & WILEMON, P.A.
January 21, 2015

ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2014

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 Material weakness identified? Yes X No
 Significant deficiency 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
 Significant deficiency(s) identified
 not considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance
 for major programs: unmodified

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

Cluster of Programs - Student Financial Aid:

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: \$ 545,238

Auditee qualified as low-risk auditee? Yes X No

**ITAWAMBA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

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.