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MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
AUDIT REPORT
JUNE 30, 2008

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
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COLLINS & CORBIN, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

To the Board of Directors
Mississippi Development Bank
Jackson, Mississippi

We have audited the accompanying basic financial statements of the Mississippi Development Bank, a component unit of the State of Mississippi, as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the Mississippi Development Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Mississippi Development Bank as of June 30, 2008 and 2007, and its changes in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008 on our consideration of Mississippi Development Bank'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.

Management's Discussion and Analysis on page 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Collins & Carbin, Ltd.

August 29, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSISSIPPI DEVELOPMENT BANK

A Component Unit of the State of Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Mississippi Development Bank's audit report presents our discussion and analysis of the Bank's financial performance during the fiscal years that ended on June 30, 2008 and 2007. Please read it in conjunction with the Bank's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Mississippi Development Bank (the Bank) was established as a separate body corporate and politic of the State of Mississippi (the State) for the public purposes set forth under the provision of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the Act). The purpose of the Bank is to foster and promote, in accordance with the Act, the provision of adequate markets and facilities for the borrowing of funds for public purposes by governmental units. To provide funds to accomplish this purpose, the Bank is granted under the Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary. The Bank is not liable on any of the bonds issued by the Bank. All such indebtedness is considered conduit debt and therefore is not recorded on the Bank's financial statements.

The Bank is an independent public body and the powers conferred upon the Bank are vested in the board of directors of the Bank and in no other state agency (House Bill 781, 2001 Regular Session). The Bank has been determined to be a component unit of the State.

Funds are accounting devices that state and local governments use to keep track of specific sources of funding and spending for particular purposes. Activities the government operates like businesses are accounted for in proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The proprietary fund category includes enterprise funds. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. All of the activities of the Bank are recorded in one enterprise fund.

MISSISSIPPI DEVELOPMENT BANK

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MANAGEMENT'S DISCUSSION AND ANALYSIS

GASB Statement 34 is written from the perspective of general purpose governments - states, cities, counties, towns, and villages. However, the Bank and many governments are special purpose governments. These governments are legally separate entities and generally provide a limited set of services or programs. Special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds under the provisions of GASB Statement 34.

For the special purpose governments described in the previous paragraph, basic financial statements consist of:

1. Statement of net assets,
2. Statement of revenues, expenses, and changes in net assets,
3. Statement of cash flows.

The financial statements also include notes to the financial statements that explain some of the information in the financial statements and provide more detailed data. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities, both financial and capital, and short-term and long-term are included in the financial statements. In addition, all revenues and expenses during the year are included in the financial statements, regardless of when cash is received or paid.

FINANCIAL ANALYSIS

Changes in Net Assets

Net assets increased \$452,889 during the year ended June 30, 2008 compared to an increase of \$371,884 in 2007 and an increase of \$120,926 in 2006.

Operating revenues consist of bond issuer fees. Fees earned by the Bank totaled \$429,000, \$459,000 and \$340,000 for the years ended June 30, 2008, 2007 and 2006, respectively. Fees earned depend upon the level of participation in the various finance programs provided through the Bank. The level of participation by governmental units varies from year to year and is affected by various economic factors.

MISSISSIPPI DEVELOPMENT BANK

A Component Unit of the State of Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses totaled \$32,004 in 2008 compared to \$125,913 in 2007. Operating expenses for 2006 were \$233,217. The Bank's office facilities and administrative support are provided by the Mississippi Business Finance Corporation (MBFC), a related party. MBFC did not charge any administrative fees during the year ended June 30, 2008 for providing these services. Administrative fees for 2007 were \$100,000 and for 2006 were \$200,000.

Nonoperating revenue for fiscal years 2008, 2007, and 2006 consists of earnings on investments. The earnings for fiscal years 2008, 2007 and 2006 totaled \$55,893, \$38,797, and \$14,143, respectively. The differences between years are primarily due to fluctuations in the yield on the Bank's investments, including adjustments to market value in each respective year.

Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 429,000	\$ 459,000
Operating expenses	<u>32,004</u>	<u>125,913</u>
Operating income	396,996	333,087
Nonoperating revenues	<u>55,893</u>	<u>38,797</u>
Change in net assets	452,889	371,884
Net assets, beginning of year	<u>1,138,552</u>	<u>766,668</u>
Net assets, end of year	<u>\$1,591,441</u>	<u>\$1,138,552</u>

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Assets

Cash and cash equivalents and investments represent 98% of total assets as of June 30, 2008 and 2007, and 95% as of June, 30 2006.

Property and equipment, net of accumulated depreciation totaled \$25,746, \$8,592, and \$10,234, at June 30, 2008, 2007, and 2006, respectively.

The Bank had no liabilities for 2008, 2007 or 2006.

Net assets of the Bank totaled \$1,591,441 at June 30, 2008 compared to \$1,138,552 at June 30, 2007 and \$766,668 at June 30, 2006.

	Net Assets	
	<u>2008</u>	<u>2007</u>
Current assets	\$1,565,695	\$1,129,960
Noncurrent assets	<u>25,746</u>	<u>8,592</u>
Total assets	<u>1,591,441</u>	<u>1,138,552</u>
Liabilities	<u>-</u>	<u>-</u>
Net assets:		
Invested in capital assets	25,746	8,592
Unrestricted	<u>1,565,695</u>	<u>1,129,960</u>
Total net assets	<u>\$1,591,441</u>	<u>\$1,138,552</u>

BASIC FINANCIAL STATEMENTS

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 830,088	\$ 394,240
Investments	726,884	718,724
Receivables, net	<u>8,723</u>	<u>16,996</u>
Total current assets	1,565,695	1,129,960
Capital assets -		
Property and equipment, net of accumulated depreciation (\$25,604, 2008; \$71,440, 2007)	<u>25,746</u>	<u>8,592</u>
	<u>1,591,441</u>	<u>1,138,552</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS		
Invested in capital assets	25,746	8,592
Unrestricted	<u>1,565,695</u>	<u>1,129,960</u>
Total net assets	<u>\$1,591,441</u>	<u>\$1,138,552</u>

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

MISSISSIPPI DEVELOPMENT BANK

A Component Unit of the State of Mississippi

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues -		
Issuer fees	\$ <u>429,000</u>	\$ <u>459,000</u>
Operating expenses:		
Administrative fees	-	100,000
Contractual services	14,447	14,504
Depreciation	2,352	2,256
Other	<u>15,205</u>	<u>9,153</u>
Total operating expenses	<u>32,004</u>	<u>125,913</u>
Operating income	396,996	333,087
Nonoperating revenues - earnings on investments	<u>55,893</u>	<u>38,797</u>
Change in net assets	452,889	371,884
Net assets, beginning of year	<u>1,138,552</u>	<u>766,668</u>
Net assets, end of year	<u>\$1,591,441</u>	<u>\$1,138,552</u>

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

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 439,000	\$ 474,000
Cash payments to suppliers for goods and services	(29,652)	(23,657)
Cash payments to related party for administrative fees	<u>-</u>	<u>(100,000)</u>
Net cash provided by operating activities	<u>409,348</u>	<u>350,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	48,356	33,956
Proceeds from sale of investments	303,257	267,846
Purchases of investments	(305,607)	(503,065)
Purchases of capital assets	<u>(19,506)</u>	<u>(614)</u>
Net cash provided (used) by investing activities	<u>26,500</u>	<u>(201,877)</u>
Net increase in cash and cash equivalents	435,848	148,466
Cash and cash equivalents, beginning of year	<u>394,240</u>	<u>245,774</u>
Cash and cash equivalents, end of year	<u>\$ 830,088</u>	<u>\$ 394,240</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 396,996	\$ 333,087
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,352	2,256
Decrease in accounts receivable	<u>10,000</u>	<u>15,000</u>
Net cash provided by operating activities	<u>\$ 409,348</u>	<u>\$ 350,343</u>

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

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Mississippi Development Bank (the Bank), which have been followed in preparing the accompanying financial statements, are set forth below.

Organization

The Mississippi Development Bank was established as a separate body corporate and politic of the State of Mississippi (the State) for the public purposes set forth under the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the Act). The purpose of the Bank is to foster and promote, in accordance with the Act, the provision of adequate markets and facilities for the borrowing of funds for public purposes by governmental units. To provide funds to accomplish this purpose the Bank is granted under the Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary. The Bank is not liable on any of the bonds issued by the Bank. Therefore, all such indebtedness is considered conduit debt as further discussed in Note 5.

The Bank is not an agency of the State. The Bank operates independently and is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bank has been determined to be a component unit of the State. In the event of dissolution, all rights and properties shall pass to and be vested in the State.

Capital Assets

Purchased or constructed capital assets are stated at cost and include expenditures for new additions and those which substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor replacements are expensed as incurred. The cost of equipment is depreciated on a straight-line basis over an estimated useful life of five years for each asset. Depreciation expense for the years ended June 30, 2008 and 2007 was \$2,352 and \$2,256, respectively.

Revenue Recognition

All revenue of the Bank is derived from fees and earnings on investments. Bond issuance fees related to the Bank's programs are recognized when bonds are sold. Revenue transactions are classified as operating revenue if those transactions constitute the Bank's principal ongoing operations.

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Operating Expenses

Bond issuance costs are paid by the local governmental units from bond proceeds. The Bank's office facilities and administrative support are provided by Mississippi Business Finance Corporation (MBFC), a related party (see Note 4). Expense transactions are classified as operating expenses if those transactions constitute the Bank's principal ongoing operations.

Note 2 - Cash, Cash Equivalents and Investments

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 entity'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 those 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 insurance corporations.

The Bank considers certificates of deposit to be cash equivalents if they have a maturity of three months or less when acquired. Certificates of deposit with maturities in excess of three months are considered investments.

Custodial credit risk is the risk that in the event of the failure of a financial institution, the Bank will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Bank does not have a formal policy for custodial credit risk. The Mississippi State Treasurer manages that risk on behalf of the Bank. The carrying amount of the Bank's deposits with financial institutions was \$830,088 for 2008 and \$394,240 for 2007. The bank balance was \$830,088 for 2008 and \$394,240 for 2007. As of June 30, 2008 and 2007 none of the bank balances were exposed to custodial credit risk.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market price. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 2 - Cash, Cash Equivalents and Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Bank has a policy regarding investment maturity. Investments should be primarily with maturities of five years or less. United States government and agency obligations and guaranteed investment contracts may be considered for maturities greater than five years. Investments with maturities of greater than five years require approval by the Bank's investment committee.

Investments made by the Bank that are included on the statement of net assets are summarized below for June 30, 2008 and 2007.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
June 30, 2008:			
Government agency bonds	\$349,478	-	\$349,478
Corporate bonds	250,838	\$ 79,224	171,614
Municipal bonds	50,062	50,062	-
Mortgage-backed securities	76,506	-	76,506
Total	<u>\$726,884</u>	<u>\$129,286</u>	<u>\$597,598</u>
June 30, 2007:			
Government agency bonds	\$546,348	-	\$546,348
Corporate bonds	29,359	-	29,359
Municipal bonds	49,515	-	49,515
Mortgage-backed securities	93,502	-	93,502
Total	<u>\$718,724</u>	<u>-</u>	<u>\$718,724</u>

Investments are carried at fair value for 2008 and 2007.

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 2 - Cash, Cash Equivalents and Investments (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Bank's investments in debt securities for June 30, 2008 and 2007 are summarized by Standard and Poor's credit quality rating as follows:

<u>S&P Rating</u>	<u>2008</u>	<u>2007</u>
AAA	\$ 248,120	\$ 93,502
AA	99,402	49,515
AA-	29,884	29,359
	<u>\$ 377,406</u>	<u>\$ 172,376</u>

The Bank's investments in government agency bonds are not considered to have credit risk and are not included in the disclosure of credit quality. The Bank's investment policy requires investments in obligations of insurance firms or other corporations be rated "AA", or its equivalent, or better by recognized rating companies at the time of purchase.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Bank, and are held by either the counterparty or the counterparty's trust department or agent but not in the Bank's name. The Bank does not have any investment securities as of June 30, 2008 or 2007 that are exposed to custodial credit risk.

Excluding government agency bonds, investments in mutual funds and other pooled investments, the Bank has the following investments in any one issuer that represent 5 percent or more of total investments as of June 30, 2008 and 2007.

<u>Description</u>	<u>2008</u>	<u>2007</u>
State of Mississippi, 4.25%, Due 08/01/08	\$ 50,062	\$ 49,515
Citigroup Funding, 2.16%, Due 05/05/09	49,340	-
Toyota Motor Credit Corporation, 5.50%, Due 09/22/11	75,189	-
General Electric Capital Corporation, 4.00%, Due 02/15/12	96,425	-
	<u>\$271,016</u>	<u>\$ 49,515</u>

MISSISSIPPI DEVELOPMENT BANK

A Component Unit of the State of Mississippi

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

Note 3 - Capital Assets

The changes in capital assets for the years ended June 30, 2008 and June 30, 2007 are summarized as follows:

	<u>7/01/07 Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/08 Ending Balance</u>
Capital assets- Property & equipment	\$ 80,032	\$ 19,506	\$ (48,188)	\$ 51,350
Accumulated depreciation- Property & equipment	<u>(71,440)</u>	<u>(2,352)</u>	<u>48,188</u>	<u>(25,604)</u>
Capital assets, net	<u>\$ 8,592</u>	<u>\$ 17,154</u>	<u>\$ -</u>	<u>\$ 25,746</u>

	<u>7/01/06 Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/07 Ending Balance</u>
Capital assets- Property & equipment	\$ 79,418	\$ 614	-	\$ 80,032
Accumulated depreciation- Property & equipment	<u>(69,184)</u>	<u>(2,256)</u>	<u>-</u>	<u>(71,440)</u>
Capital assets, net	<u>\$ 10,234</u>	<u>\$ (1,642)</u>	<u>-</u>	<u>\$ 8,592</u>

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 4 - Related Party

MBFC is a not-for-profit public corporation that administers a variety of finance programs designed to assist business and industry in locating or expanding in the State. MBFC is a component unit of the State. MBFC's members are appointed by various state elected officials. MBFC's board of directors are elected by its members. By statute, the board of directors of MBFC serve as the board of directors of the Bank. Also the officers of MBFC serve as officers of the Bank in accordance with the Bank's by-laws.

The Bank's office facilities and administrative support are provided by MBFC. MBFC did not charge any administrative fees during the year ended June 30, 2008 for providing these services. Administrative fees for the year ended June 30, 2007 were \$100,000.

Note 5 - Conduit Debt Transactions

The Bank assists governmental units through programs of providing loans under loan agreements between such governmental units and the Bank. The Bank issues special obligation bonds in order to provide funds for making loans to the governmental units. Although the special obligation bonds bear the name of the Bank, the Bank is not responsible for the payment of the bonds. The bonds are secured only by the payments agreed to be paid by the governmental units under the terms of the loan agreements.

The outstanding balance of special obligation bonds issued by the Bank was approximately \$3,013,000,000 at June 30, 2008 and approximately \$2,815,000,000 at June 30, 2007. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds. However, the moral obligation of the State has been pledged on approximately \$1,030,295,000 of the bonds outstanding as of June 30, 2008.

Note 6 - Risk Management

The Bank is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Bank carries commercial insurance for these risks. There have been no settled claims resulting from these insured risks in any of the past three fiscal years.

INTERNAL CONTROL AND COMPLIANCE REPORT

COLLINS & CORBIN, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Mississippi Development Bank
Jackson, Mississippi

We have audited the accompanying basic financial statements of the Mississippi Development Bank as of and for the year ended June 30, 2008, and have issued our report thereon dated August 29, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, the Mississippi Department of Finance and Administration and management and is not intended to be and should not be used by anyone other than these specified parties.

Collins & Cobbin, Ltd.

August 29, 2008