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**Mississippi Delta Community College**  
Financial Statements  
June 30, 2008

**Ellis & Hirsberg**  
Certified Public Accountants, PLLC  
Clarksdale, Mississippi

# MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT

MISSISSIPPI DELTA COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON  
THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

President and Board of Trustees  
Mississippi Delta Community College  
P. O. Box 668  
Moorhead, MS 38761

We have audited the accompanying financial statements of Mississippi Delta Community College as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Mississippi Delta Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Mississippi Delta Community College Development Foundation, Inc., a discretely presented component unit of Mississippi Delta Community College which represents 100 percent of the assets and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mississippi Delta Community College Development Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor, provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mississippi Delta Community College and of its discretely presented component unit, as of June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2009, on our consideration of Mississippi Delta Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 7 through 13 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. Management's Discussion and Analysis also contains information from June 30, 2007. We previously audited in accordance with generally accepted auditing standards, accepted in the United States of America the financial statements for the year ended June 30, 2007 (not included herein) and we expressed an unqualified opinion on those statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

March 24, 2009

*Ellis & Harburg CPA PLLC*

MISSISSIPPI DELTA COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**Overview of the Financial Statements**

The College's financial report consists of two sections - Management's Discussion and Analysis, which is required supplementary information (this section), and the basic financial statements including the notes to the financial statements. The 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.

**Basic Financial Statements**

The basic financial statements present information for the College as a whole. The Statement of Net Assets presents the financial position at the end of the fiscal year and includes all assets and liabilities of the College. The difference between total assets and total liabilities is one measure of financial health or position, while the change in net assets is a useful indicator of whether the financial condition is improving or deteriorating. Over time, increases or decreases in the College's net assets can be useful in assessing whether its financial health is improving.

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results, as well as non-operating revenues and expenses. In general terms, operating revenues are received for providing goods and services and operating expenses are those incurred to acquire or produce the goods and services provided in return for the operating revenues. Non-operating revenues are those received for which goods and services are not provided as an exchange transaction. For example, State Appropriation revenues are classified as non-operating because the State Legislature provides them, without the Legislature receiving commensurate goods or services in return. Due to this classification treatment, the College's financial statements typically depict an overall operating loss. Other revenue sources include gifts, grants and appropriations restricted for capital purposes.

The Statement of Cash Flows provides another perspective on the results of operations. This statement provides detailed information about the cash sources and uses. Additional details concerning this statement are explained later in this report. Other non-financial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the College.

**Statement of Net Assets**

Net assets are divided into three major categories:

- Invested in Capital Assets, Net of Debt - represents the equity in property, plant and equipment owned by the System.
- Restricted Net Assets - represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements.
- Unrestricted Net Assets - represent those assets that are available for any lawful purpose.

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

- the assets available to continue the operations of the College
- the liabilities of the College which include the amount owed vendors and lending institutions, and
- the net assets that are available for expenditure by the College.

Current assets total \$8,194,685 and consist primarily of cash and cash equivalents, short-term investments and net receivables. Current liabilities total \$908,316 and consist primarily of accounts payable and accrued liabilities, deferred revenues, and short-term bond/note obligations.

Non-current assets total \$33,188,322 and include depreciated capital assets of \$32,928,667. Other non-current assets include cash and investments that are restricted externally by endowment arrangements, or internally by management so as to maximize investment earnings.

Non-current liabilities total \$22,480 which represent housing deposits.

Restricted non-expendable net assets total \$10,000 and consist of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to the principal.

Restricted expendable net assets total \$2,229,575 and include resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. This amount changed from last year by \$243,341. This was a result of expenditure in the capital projects funds exceeding revenues.

The investment in fixed assets increased \$12,926,660 primarily due to the State donating the Greenville Higher Education Center to Mississippi Delta Community College (see Note 16) and continued construction on the girls dormitory of \$939,072. There is no debt associated with the acquisition of fixed assets. The dormitory is being built with state bond money.

Net assets may serve over time as a useful indicator of the College's financial position. In the College's case, assets exceeded liabilities by \$40,452,211 at June 30, 2008.

A summarized listing of Mississippi Delta Community College's assets, liabilities and net assets at June 30, 2007 and June 30, 2008 is shown below.

#### Statement of Net Assets

	June 30, 2008	June 30, 2007	Change	Percent Change
<b>Assets</b>				
Current assets	8,194,685	7,903,139	291,546	4.0
Capital assets	32,928,667	20,002,007	12,926,660	65.0
Other assets	259,655	308,725	(49,070)	(16.0)
<b>Total Assets</b>	<b>41,383,007</b>	<b>28,213,871</b>	<b>13,169,136</b>	<b>47.0</b>

<b>Liabilities</b>				
Current liabilities	908,316	1,370,523	(462,207)	(34.0)
Noncurrent liabilities	22,480	21,804	676	3.0
<b>Total Liabilities</b>	<u>930,796</u>	<u>1,392,327</u>	<u>(461,531)</u>	<u>(33.0)</u>
<b>Net Assets</b>				
Invested in capital assets, net of debt	32,928,667	20,002,007	12,926,660	65.0
Restricted - nonexpendable	10,000	10,000	0	0.0
Restricted - expendable	2,229,575	2,472,916	(243,341)	(1.0)
Unrestricted	<u>5,283,969</u>	<u>4,336,621</u>	<u>947,348</u>	<u>22.0</u>
<b>Total Net Assets</b>	<u>40,452,211</u>	<u>26,821,544</u>	<u>13,630,667</u>	<u>51.0</u>

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

The Statement of Revenues, Expenses and Changes in Net Assets (SRECNA) displays information on how the College's assets changed as a result of current year operations. This statement presents the System's operating and non-operating revenues and expenditures.

The consolidated SRECNA at June 30, 2008 indicates a net operating loss of \$13,450,775. The net loss does not include the 2008 effects of non-operating items - state appropriations, gifts, or net investment earnings.

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

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
<b>Operating Revenue &amp; Expenses</b>				
Operating revenues	14,720,987	13,860,395	860,592	6.0
Operating expenses	<u>(28,171,762)</u>	<u>(25,209,493)</u>	<u>(2,962,269)</u>	<u>12.0</u>
<b>Operating income (loss)</b>	<u>(13,450,775)</u>	<u>(11,349,098)</u>	<u>(2,101,677)</u>	<u>19.0</u>
<b>Non-operating revenues and expenses</b>	<u>14,744,594</u>	<u>14,820,363</u>	<u>(75,769)</u>	<u>0.1</u>
<b>Income (Loss) Before Other Revenues, Expenses, Gains or Losses</b>	1,293,819	3,471,265	(2,177,446)	(63.0)
<b>Other revenues, expenses, gains or losses</b>	<u>12,336,848</u>		<u>12,336,848</u>	<u>100.0</u>
<b>Change in Net Assets</b>	<u>13,630,667</u>	<u>3,471,265</u>	<u>10,159,402</u>	<u>293.0</u>
<b>Net Assets</b>				
Net Assets at Beginning of the Year	<u>26,821,544</u>	<u>23,350,279</u>	<u>3,471,265</u>	<u>15.0</u>
<b>Net Assets at the End of the Year</b>	<u>40,452,211</u>	<u>26,821,544</u>	<u>13,630,667</u>	<u>51.0</u>

## Operating Revenues

Operating revenues for the College totaled \$14,720,987 at June 30, 2008. The following chart summarizes the revenues into major categories.

### Operating Revenues

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
Tuition and fees, net	1,945,536	1,792,405	153,131	9.0
Grants and contracts	10,985,724	10,366,941	618,783	6.0
Auxiliary enterprises, net	1,055,910	1,378,611	(322,701)	(23.0)
Other revenues	<u>733,817</u>	<u>322,438</u>	<u>411,379</u>	<u>128.0</u>
<b>Total Operating Revenues</b>	<b><u>14,720,987</u></b>	<b><u>13,860,395</u></b>	<b><u>860,592</u></b>	<b><u>6.0</u></b>

Non-operating revenues for the College totaled \$14,744,594. The following chart summarizes the revenues into major categories.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
State appropriations	10,943,233	9,019,415	1,923,818	21.0
State bond monies	1,051,564	3,108,087	(2,056,523)	(66.0)
Local appropriations	2,589,276	2,486,755	102,521	4.0
Interest income	209,592	163,277	46,315	28.0
Unrealized gain (loss) on valuation of stock	<u>(49,071)</u>	<u>42,829</u>	<u>(91,900)</u>	<u>(215.0)</u>
<b>Total Non-Operating Revenues</b>	<b><u>14,744,594</u></b>	<b><u>14,820,363</u></b>	<b><u>(75,769)</u></b>	<b><u>(1.0)</u></b>

## Operating Expenses

Total operating expenses for the College amounted to \$28,171,762 for the year ended June 30, 2008. Shown in the table below is a summary of the operating expenses by major object categories.

### Operating Expenses

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
Salaries and wages	12,628,966	11,659,949	969,017	8.0
Fringe benefits	3,385,103	3,079,517	305,586	10.0
Travel	350,768	302,714	48,054	16.0
Contractual services	3,889,051	3,387,287	501,764	15.0
Utilities	1,090,729	808,764	281,965	35.0
Scholarships and fellowships	2,634,886	2,429,537	205,349	8.0
Commodities	<u>1,415,540</u>	<u>1,285,061</u>	<u>130,479</u>	<u>10.0</u>

Depreciation expense	998,098	692,523	305,575	44.0
Other operating expense	<u>1,778,621</u>	<u>1,564,141</u>	<u>214,480</u>	<u>14.0</u>
<b>Total Operating Expenses</b>	<u><u>28,171,762</u></u>	<u><u>25,209,493</u></u>	<u><u>2,962,269</u></u>	<u><u>12.0</u></u>

As an alternative presentation model, Mississippi Delta's fiscal year 2008 operating expenses are shown below by major function category. Functional classifications are the traditional categories that colleges have used. They represent the type of programs and services that the colleges provide.

<u>Function</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
Instruction	13,149,979	12,496,263	653,716	5.0
Academic support	652,705	545,500	107,205	20.0
Student services	1,694,157	1,542,588	151,569	10.0
Institutional support	3,583,597	2,531,623	1,051,974	42.0
Operation of plant	2,807,022	2,455,852	351,170	14.0
Student aid	2,639,470	2,450,071	189,399	8.0
Auxiliary enterprises	2,646,734	2,495,073	151,661	6.0
Depreciation	<u>998,098</u>	<u>692,523</u>	<u>305,575</u>	<u>44.0</u>
<b>Total Operating Expenditures</b>	<u><u>28,171,762</u></u>	<u><u>25,209,493</u></u>	<u><u>2,962,269</u></u>	<u><u>12.0</u></u>

### Capital Asset and Debt Administration

At June 30, 2008, Mississippi Delta Community College had invested in a broad range of capital assets. These assets are comprised of land, buildings and improvements, equipment, and library books. They are stated net of accumulated depreciation. See the following table.

#### Capital Asset Summary

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
Capital assets not being depreciated	<u>6,013,164</u>	<u>5,066,092</u>	<u>947,072</u>	<u>19.0</u>
Depreciable capital assets:				
Improvements other than buildings	1,409,275	1,409,275	0	0.0
Buildings	35,873,851	23,361,419	12,512,432	54.0
Equipment	4,759,539	4,483,454	276,085	6.0
Library books	<u>812,444</u>	<u>774,821</u>	<u>37,623</u>	<u>5.0</u>
Total depreciable capital assets	<u>42,855,109</u>	<u>30,028,969</u>	<u>12,826,140</u>	<u>43.0</u>
<b>Total Cost of Capital Assets</b>	<u>48,868,273</u>	<u>35,095,061</u>	<u>13,773,212</u>	<u>39.0</u>
Less: Accumulated depreciation	<u>(15,939,606)</u>	<u>(15,093,054)</u>	<u>(846,552)</u>	<u>6.0</u>
<b>Capital Assets, Net</b>	<u><u>32,928,667</u></u>	<u><u>20,002,007</u></u>	<u><u>12,926,660</u></u>	<u><u>65.0</u></u>

Non-depreciated capital assets totaled \$6,013,164. This amount represents the value of land and construction in progress at June 30, 2008.



The Mississippi State Bureau of Buildings donated the Greenville Higher Education Center to the College. The building was valued at \$12,000,000. Equipment that came with the building was capitalized at \$219,299 and the land at \$8,000. Renovation of the cafeteria was completed and capitalized at \$512,432. Construction continued on the girls dormitory and was listed as construction in progress at \$939,072.

### 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.

### Condensed Statement of Cash Flows (Direct Method)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>	<u>Percent Change</u>
Cash and cash equivalents provided (used by):				
Operating activities	(13,410,588)	(10,251,995)	(3,158,593)	31.0
Noncapital financing activities	12,955,583	14,589,596	(1,634,013)	(6.0)
Capital and related financing activities	28,561	(3,354,618)	3,383,179	80.0
Investing activities	<u>(390,408)</u>	<u>163,278</u>	<u>(553,686)</u>	<u>(339.0)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(816,852)</b>	<b>1,146,261</b>	<b>(1,963,113)</b>	<b>171.0</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u><b>4,341,274</b></u>	<u><b>3,195,013</b></u>	<u><b>1,146,261</b></u>	<u><b>36.0</b></u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u><b>3,524,422</b></u></u>	<u><u><b>4,341,274</b></u></u>	<u><u><b>(816,852)</b></u></u>	<u><u><b>(9.0)</b></u></u>

The major sources of funds represented in the operating activities include \$1,337,037 for student tuition and fees, \$1,056,586 for auxiliary enterprise sales and services, and \$10,985,724 for grants and contracts. The major use of funds was payments made to employees for \$16,014,069, payments to suppliers in the amount of \$6,017,464, and \$2,634,886 paid to students for financial aid.

The largest inflow of cash in the noncapital financing activities group is the state appropriation of \$10,943,233, local appropriations of \$2,589,275 and a permanent transfer from Delta State University of \$109,549 for the operations of the Greenville Higher Education Center. Cash from capital and related financing included \$1,051,564, which is State Bond money allocated for construction of a new women's dorm.

### Financial Analysis of the College's Funds

The College's net assets increased \$13,630,667 due primarily from the receipt of the Greenville Higher Education Center with a total value of \$12,227,299. The balance of \$1,403,368 represents a gain from operating and non-operating revenues and expenses of \$1,293,819 and a one time contribution from Delta State University in connection with the acquisition of the Greenville Higher Education Center.

The unrestricted fund balance increased by \$947,348 primarily due to an increase in net assets. The unrestricted balance represents funds available for general operation of the College.

### **Economic Outlook**

State appropriations for the 2007-2008 fiscal year showed an increase in funding of \$1,394,828. This increase helped fund a 5% raise for employees, as well as help fund increased costs in health insurance and retirement matching benefits.

Mississippi Delta Community College staff and management are continuing to develop plans to reduce costs and generate new sources of revenue while providing an excellent college experience for our vocational, technical, and academic students.

MISSISSIPPI DELTA COMMUNITY COLLEGE

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## MISSISSIPPI DELTA COMMUNITY COLLEGE

### FINANCIAL STATEMENTS

MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2008

Assets	
Current assets:	
Cash and cash equivalents	3,524,422
Short-term investments	2,225,000
Accounts receivable, net	1,561,411
Inventories	651,543
Prepaid expenses	232,309
	<hr/>
Total Current Assets	8,194,685
Noncurrent assets:	
Other long-term investments	259,655
Capital assets, net of accumulated depreciation	32,928,667
	<hr/>
Total Noncurrent Assets	33,188,322
	<hr/>
Total Assets	41,383,007
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	556,755
Deferred revenues	66,223
Other current liabilities	285,338
	<hr/>
Total Current Liabilities	908,316
Noncurrent liabilities:	
Deposits refundable	22,480
	<hr/>
Total Noncurrent Liabilities	22,480
	<hr/>
Total Liabilities	930,796
Net assets:	
Invested in capital assets, net of related debt	32,928,667
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	10,000
Expendable:	
Scholarships and fellowships	131,281
Capital projects	2,042,525
Instruction	1,208
Unemployment compensation	54,561
Unrestricted	5,283,969
	<hr/>
Total net assets	40,452,211
	<hr/>
Total liabilities and net assets	41,383,007
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The accompanying notes are an integral part of this financial statement.

MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008

ASSETS:

Cash	54,281
Certificate of Deposit	163,015
Marketable securities	1,025,695
Contributions receivable, net of discount	<u>6,193</u>

Total Assets	<u><u>1,249,184</u></u>
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LIABILITIES	<u>0</u>
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NET ASSETS:

Unrestricted	373,092
Temporarily restricted	<u>876,092</u>
Total net assets	<u>1,249,184</u>

Total liabilities and net assets	<u><u>1,249,184</u></u>
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See Notes to Financial Statements.

MISSISSIPPI DELTA COMMUNITY COLLEGE  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 June 30, 2008

Operating Revenues	
Tuition and fees (net of scholarship allowance)	1,945,536
Federal grants	9,040,846
State grants	1,944,878
Auxiliary services:	
Housing (less scholarship allowance)	159,074
Food services (less scholarship allowance)	426,705
Bookstore (less scholarship allowance)	470,131
Other operating revenues	<u>733,817</u>
Total Operating Revenues	<u>14,720,987</u>
Operating Expenses	
Salaries and wages	12,628,966
Fringe benefits	3,385,103
Travel	350,768
Contractual services	3,889,051
Utilities	1,090,729
Scholarships and fellowships	2,634,886
Commodities	1,415,540
Depreciation expense	998,098
Other operating expense	<u>1,778,621</u>
Total Operating Expenses	<u>28,171,762</u>
Operating Income (Loss)	<u>(13,450,775)</u>
Nonoperating Revenues (Expenses)	
State appropriations	10,943,233
State bond monies	1,051,564
Local appropriations	2,589,276
Interest income	209,592
Unrealized loss on valuation of stock	<u>(49,071)</u>
Total Nonoperating Revenues (Expenses)	<u>14,744,594</u>
Increase in Net Assets Before Capital Contributions	1,293,819
Capital Contributions	
Permanent transfers from Delta State University	109,549
Book value of buildings and equipment transferred from Bureau of Buildings	<u>12,227,299</u>
Change in Net Assets	13,630,667
Net Assets, Beginning of Year	<u>26,821,544</u>
Net Assets, End of Year	<u><u>40,452,211</u></u>

The accompanying notes are an integral part of this financial statement.



MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2008

Unrestricted Net Assets:	
Unrestricted revenues and gains:	
Contributions	1,060
Investment income:	
Interest	1,562
Dividends	12,891
Realized capital gains, losses (-)	(713)
Net appreciation in fair value of investments	<u>(16,789)</u>
Total unrestricted revenues and gains	(1,989)
Net assets released from restrictions:	
Restrictions satisfied by payments	<u>72,914</u>
Total unrestricted revenue, gains and other support	<u>70,925</u>
Expenses:	
Program services:	
Scholarships	39,723
Instructional programs	8,058
Athletics	27,552
Supporting services:	
Management and general	<u>12,261</u>
Total expenses	<u>87,594</u>
Increase in unrestricted net assets	<u>(16,669)</u>
Temporarily restricted net assets:	
Contributions	70,495
Investment income:	
Interest	4,512
Dividends	37,234
Realized capital gains, losses (-)	(2,060)
Net depreciation in fair value of investments	<u>(48,494)</u>
Net assets released from restrictions:	
Restrictions satisfied by payments	<u>(72,914)</u>
Decrease in temporarily restricted net assets	<u>(11,227)</u>
Decrease in net assets	<u>(27,896)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,277,080</u>
NET ASSETS AT END OF YEAR	<u><u>1,249,184</u></u>

See Notes to Financial Statements.

MISSISSIPPI DELTA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
June 30, 2008

Cash Flows from Operating Activities:	
Tuition and fees	1,337,037
Grants and contracts	10,985,724
Payments to suppliers	(6,017,464)
Payments for salaries and fringes	(16,014,069)
Payments for utilities	(1,090,729)
Payments for scholarships	(2,634,886)
Auxiliary enterprise charges:	
Food services	426,705
Housing - student/faculty	159,750
Bookstore	470,131
Other receipts	733,817
Other payments	<u>(1,766,604)</u>
Net Cash Provided (Used) by Operating Activities	<u>(13,410,588)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	10,943,233
Local appropriations	1,902,801
Transfers in	<u>109,549</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>12,955,583</u>
Cash Flows from Capital and Related Activities:	
State appropriations	1,051,564
Local appropriations	686,474
Cash paid for capital assets	<u>(1,709,477)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>28,561</u>
Cash Flows from Investing Activities:	
Proceeds from sales of investments	1,625,000
Interest on investments	209,592
Purchases of investments	<u>(2,225,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>(390,408)</u>
Net Changes in Cash and Cash Equivalents	(816,852)
Cash and Cash Equivalents - June 30, 2007	<u>4,341,274</u>
Cash and Cash Equivalents - June 30, 2008	<u>3,524,422</u>

MISSISSIPPI DELTA COMMUNITY COLLEGE  
 STATEMENT OF CASH FLOWS  
 June 30, 2008

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

Operating income (loss)	<u>(13,450,775)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	998,098
Loss on retirement of assets	12,018
Changes in assets and liabilities:	
(Increase) decrease in assets	
Receivables, net	(623,539)
Inventories	136,162
Prepaid expenses	(21,021)
Increase (decrease) in liabilities:	
Accounts payables and accrued liabilities	(570,436)
Deferred revenues	15,039
Deposits refundable	676
Other liabilities	<u>93,190</u>
Total adjustments	<u>40,187</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(13,410,588)</u></u>

\$12,227,299 of land, building and equipment was donated to Mississippi Delta Community College by Mississippi State Bureau of Buildings.

The accompanying notes are an integral part of this financial statement.

MISSISSIPPI DELTA COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2008

Operating Activities:

Decrease in net assets	(27,896)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Unrealized gains on investments	65,283
Realized gain on sale of investments	2,773
Increase in contributions receivable, net of discount	177
Non-cash contribution	<u>(1,046)</u>
Net cash provided by, used in(-) operating activities	<u>39,291</u>

Investing Activities:

Reinvested interest earned on certificate of deposit	(5,344)
Reinvested dividends earned on mutual funds	(45,243)
Proceeds from sales of securities	52,861
Purchases of securities	<u>(52,000)</u>
Net cash provided by, used in(-) investing activities	<u>(49,726)</u>

Net increase, decrease(-) in cash and cash equivalents (10,435)

Cash and cash equivalents at beginning of year 64,716

Cash and cash equivalents at end of year 54,281

See Notes to Financial Statements.

## MISSISSIPPI DELTA COMMUNITY COLLEGE

### Notes to the Financial Statements For the Year Ended June 30, 2008

#### (10) Summary of Significant Accounting Policies.

- A. Reporting Entity - Sunflower Agriculture High School was established at Moorhead, Mississippi in 1911. Sunflower Junior College was founded in conjunction with the Agriculture High School in early 1926, with the first freshman class enrolling in September of that same year. The College was fully accredited as a two-year junior college in April 1928, by the Accrediting Commission of the Senior Colleges of Mississippi. It was admitted to full membership in the Southern Association of Colleges and Schools in December 1930, and is now a member of the American Association of Community and Junior Colleges. The name of the school was officially changed from Sunflower Junior College to Mississippi Delta Junior College at the beginning of the 1960-1961 session. On July 1, 1989, the name was changed to its present name of Mississippi Delta Community College. Mississippi Delta Community College is one of Mississippi's 15 public community colleges. The legal authority for the establishment of a community college is found in Section 37-29-31, Miss. Code Ann. (1972).

Mississippi Delta Community College is governed by an 18-member board of trustees, selected by the board of supervisors of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington 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, Mississippi Delta 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.

In accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment to GASB Statement No. 14*, the Mississippi Delta Community College Development Foundation, Inc. (the "Foundation") is deemed a component unit of the institution and is included as a discretely presented component unit in the financial statements. The Foundation is a legally separate, tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fund raising organization to supplement the resources available to Mississippi Delta Community College (College) in support of its programs.

During the year ended June 30, 2008, the Foundation distributed \$87,594 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*

## MISSISSIPPI DELTA COMMUNITY COLLEGE

### Notes to the Financial Statements For the Year Ended June 30, 2008

*and Analysis - of Public College and Universities*, issued in June and November, 1999, respectively. The College 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.
- E. Short-term Investments - Investments that are not cash equivalents but mature within the next fiscal year are classified as 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 a bookstore. Merchandise for resale inventories are stated at cost, with cost being determined by the first-in, first-out ("FIFO") basis.
- H. Endowment Investments - Endowment investments are generally subject to the restrictions of donor gift instruments. Mrs. James W. Lucas, Jr. of Jackson, Mississippi established the James W. Lucas, Jr. scholarship award in memory of her late husband. She donated \$10,000 with the restriction that only the income earned on the principal is to be utilized. It provides one \$150 scholarship per semester when income is available.
- I. Other Long-term Investments - The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income on the Statement of Revenues, Expenses and Changes in Net Assets.
- J. Capital Assets, Net of Accumulated Depreciation - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance costs are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 5 for additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose.

## MISSISSIPPI DELTA COMMUNITY COLLEGE

### Notes to the Financial Statements For the Year Ended June 30, 2008

- K. Deferred Revenues - Deferred revenues include amounts received for tuition and fees and faculty rent received prior to the end of the fiscal year but related to the subsequent accounting period.
- L. 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.
- M. 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, and (3) most federal, state and local grants and contracts.

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

- N. State Appropriations - Mississippi Delta Community College receives funds from the State of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the State of Mississippi. Beginning with the 2004 fiscal year, a new funding formula will be phased in over a 5-year period which will shift the funding calculation from a predominantly full-time student formula, weighted by type of student, to a full-time equivalent formula which is based on total credit hours generated by all students with special consideration given only to high cost programs.
- O. Local Appropriations - Mississippi Delta Community College receives funds from taxes levied by the counties in the district for general support, maintenance, and capital improvements.
- P. 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). All 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.

## MISSISSIPPI DELTA COMMUNITY COLLEGE

### Notes to the Financial Statements For the Year Ended June 30, 2008

- Q. Net Assets - GASB Statement No. 34 reports equity as "Net Assets" rather than "Fund Balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.

The unrestricted net asset balance of \$5,283,969 at June 30, 2008, includes \$651,543 inventory and a remaining amount of \$3,685,078.

Restricted resources are used first to fund appropriation.

- R. Mississippi Delta Community College implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* for the fiscal year 2007. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries.
- S. Estimates - The financial statements have been prepared in conformity with generally accepted accounting principles and include amounts that are based on management's informed judgments and estimates.

#### (2) Cash and Investments.

##### Policies:

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.

The carrying amount of the College's deposits with financial institutions was \$3,524,422 and the bank balance was \$5,115,667. There is \$3,150 in petty cash.



# MISSISSIPPI DELTA COMMUNITY COLLEGE

## Notes to the Financial Statements For the Year Ended June 30, 2008

### Custodial Credit Risk.

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the College will not be able to recover deposits of collateral securities that are in the possession of an outside party. The College 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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the College. As of June 30, 2008, none of the College's bank balance of \$5,115,667 was exposed to custodial credit risk.

### Investment.

At June 30, 2008, the College had the following certificate of deposit with a local bank.

<u>Investment Type</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit	4.75%	September 21, 2008	1,000,000
Certificate of Deposit	5.15%	August 21, 2008	1,225,000

### 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.

### 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 - Investments.

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. The College does not have a formal investment policy that addresses custodial credit risk. Of the College's \$259,675 investment \$182,100 is invested in Lord Abbet Affiliated Fund and the balance is in other mutual funds and individual stocks that are held by the investments companies in the name of the College.

### (3) Accounts Receivable.

Accounts receivable consisted of the following at June 30, 2008:

Student tuition	257,431
Auxiliary enterprises and other operating activities	117,172
Federal, state, and private grants and contracts	981,121
State appropriations	230,872

# MISSISSIPPI DELTA COMMUNITY COLLEGE

## Notes to the Financial Statements For the Year Ended June 30, 2008

Local appropriations	13,172
Other	<u>103,001</u>
Total Accounts Receivable	1,702,769
Less: Allowance for doubtful accounts	<u>(141,358)</u>
Net Accounts Receivable	<u><u>1,561,411</u></u>

(4) Prepaid Expenses.

Property and vehicle insurance, in the amount of \$218,875 and workman's compensation insurance of \$13,433, was purchased in the current fiscal year, but will be expensed in the subsequent fiscal year.

(5) Capital Assets.

A summary of changes in capital assets for the year ended June 30, 2008, is presented as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Nondepreciable Capital Assets:					
Land	269,247	8,000			277,247
Construction in progress	<u>4,796,845</u>	<u>939,072</u>			<u>5,735,917</u>
Total Nondepreciable Capital Assets	<u>5,066,092</u>	<u>947,072</u>	<u>0</u>	<u>0</u>	<u>6,013,164</u>
Depreciable Capital Assets:					
Improvements other than buildings	1,409,275				1,409,275
Buildings	23,361,419	12,512,432			35,873,851
Equipment	4,483,454	434,795	158,709		4,759,540
Library books	<u>774,820</u>	<u>43,746</u>	<u>6,123</u>		<u>812,443</u>
Total Depreciable Capital Assets	<u>30,028,968</u>	<u>12,990,973</u>	<u>164,832</u>	<u>0</u>	<u>42,855,109</u>
Less: Accumulated Depreciation for:					
Improvements other than buildings	888,854	29,842			918,696
Buildings	9,731,560	720,464			10,452,024
Equipment	3,773,443	228,191	151,544		3,850,090
Library books	<u>699,196</u>	<u>19,600</u>			<u>718,796</u>
Total Accumulated Depreciation	<u>15,093,053</u>	<u>998,097</u>	<u>151,544</u>	<u>0</u>	<u>15,939,606</u>
Total Depreciable Capital Assets, Net	<u>14,935,915</u>	<u>11,992,876</u>	<u>13,288</u>	<u>0</u>	<u>26,915,503</u>
Capital Assets, Net	<u><u>20,002,007</u></u>	<u><u>12,939,948</u></u>	<u><u>13,288</u></u>	<u><u>0</u></u>	<u><u>32,928,667</u></u>

MISSISSIPPI DELTA COMMUNITY COLLEGE

Notes to the Financial Statements  
For the Year Ended June 30, 2008

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

(6) Accounts Payable and Accrued Liabilities:

The accounts payable of the College consists of the following amounts.

Payments to suppliers & contractors	233,484
Accrued payroll	258,392
Employee benefits	<u>64,879</u>
Total	<u><u>556,755</u></u>

MISSISSIPPI DELTA COMMUNITY COLLEGE

Notes to Financial Statements  
For the Year Ended June 30, 2008

(7) Functional Classifications with Natural Classifications.

The College's operating expenses by functional classifications were as follows for the year ended June 30, 2008.

Functional Classifications	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation Expense	Other	Total
Instruction	8,384,631	2,200,262	252,112	1,539,793		10,790	622,795		139,596	13,149,979
Academic support	428,798	124,605	1,048	35,928			29,343		32,983	652,705
Student services	1,078,165	282,200	45,362	200,105			88,325			1,694,157
Institutional support	1,814,131	520,851	51,830	591,994	163,442		399,991		41,358	3,583,597
Operation of plant	718,015	220,621	416	590,701	710,898		253,298		313,073	2,807,022
Student aid						2,624,096			15,374	2,639,470
Auxiliary enterprises	205,226	36,564		930,530	216,389		21,788		1,236,237	2,646,734
Depreciation								998,098		998,098
Total Operating Expenses	12,628,966	3,385,103	350,768	3,889,051	1,090,729	2,634,886	1,415,540	998,098	1,778,621	28,171,762

# MISSISSIPPI DELTA COMMUNITY COLLEGE

## Notes to Financial Statements For the Year Ended June 30, 2008

### (8) Operating Leases.

The College leases several buildings in various locations. The lease expense for the year was \$98,453. The following lease terms span more than the current year.

	<u>Greenwood Facility</u>	<u>Drew Facility</u>	<u>Total</u>
FYE 09	70,428	6,400	76,828
FYE 10	75,840		75,840
FYE 11	81,264		81,264
FYE 12	<u>86,676</u>	<u>          </u>	<u>86,676</u>
Totals	<u>314,208</u>	<u>6,400</u>	<u>320,608</u>

### (9) Pension Plan.

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

Funding policy - PERS members are required to contribute 7.25% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The current rate is 11.85% of annual covered payroll. The contribution requirement of PERS members is established and may be amended only by the Mississippi State Legislature. The College's contributions to PERS for the years ending June 30, 2008, 2007, and 2006 were \$348,006, \$1,192,275, and \$1,125,545, respectively, equal to the required contributions for each year.

### (10) Deposits Refundable.

Represents student housing deposits of \$20,650, and faculty housing deposits of \$1,830.

### (11) Construction Commitments and Financing.

The College has an ongoing construction project of a girls dormitory building. The project is funded by state source revenues and was nearly complete at year end.

## MISSISSIPPI DELTA COMMUNITY COLLEGE

### Notes to Financial Statements For the Year Ended June 30, 2008

#### (12) Other Commitments.

The College has committed to purchase a new software system to better integrate the various departments. The College paid \$100,000 in 2007 and \$75,000 in 2008 toward this goal. The system will be fully implemented in 2008. The remaining payments will be \$150,000 in 2009 and \$69,400 in 2010.

#### (13) Risk Management.

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or students; and natural disasters. The College carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### (14) Unemployment Compensation Trust Fund.

The College maintains a self-funded unemployment compensation fund. This fund exists to provide a mechanism for the College to fund and budget the cost of providing unemployment benefits to eligible former employees. The fund does not pay benefits directly to these former college employees; rather it reimburses the Mississippi Department of Employment Security for benefits it pays directly to these individuals. The fund is required to be maintained at a level equal to 2% of the first \$6,000 of salary for each full-time employee. At June 30, 2008, the fund was adequately funded with a balance of \$54,561.

#### (15) Concentrations.

The College receives a significant portion of its revenues from federal and state funding programs and grants. Future funding of these programs is necessary for the College to continue the current level of programs and courses offered.

#### (16) Greenville Higher Education Center- Ownership Transferred from the State of Mississippi

Enacted into law in the 2007 Legislative session of the State of Mississippi was a bill that transferred ownership of the Greenville Higher Education Center to Mississippi Delta Community College. The effective date of this change was July 1, 2007. The value of this building along with its contents is approximately \$12,227,299. The value of the building was determined by the insurance company's appraisal. The operation of the center is funded through a combination of State support and self generated monies. The previous employees of GHEC all became full time employees of Mississippi Delta Community College on this same transition date of July 1, 2007. In connection with this transfer of the building Delta State University transferred cash to Mississippi Delta Community College of \$109,549. Mississippi Valley State University and Delta State University make contributions to the operation and maintenance of the facility based on their utilization of the facility.

## MISSISSIPPI DELTA COMMUNITY COLLEGE.

### Notes to the Financial Statements For the Year Ended June 30, 2008

Since its inception in 2001, this center has been a collaborative endeavor of three educational facilities, Mississippi Delta Community College, Mississippi Valley State University, and Delta State University. MDCC offers the first two years of undergraduate work and MVSU and DSU offer junior and senior year studies as well as some graduate work. The administrative staff at MDCC is looking forward to the challenges of operating this center and to the challenges of providing educational opportunities to the students who attend this degree granting facility.

#### (17) Disclosures for Mississippi Delta Community College Development Foundation, Inc.

##### A. Nature of Activities and Summary of Significant Accounting Policies:

###### Nature of Activities

The Mississippi Delta Community College Development Foundation, Inc. was incorporated on April 5, 1989. The Organization is a tax exempt nonprofit corporation within the meaning of Internal Revenue Code Section 501(c)(3). The major purpose of the Organization is to raise funds for capital improvements and to provide student scholarships at Mississippi Delta Community College.

###### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not use fund accounting. Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws. Restricted net assets represent resources restricted by the donor to be used for specific purposes designated by the donor.

###### 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.

###### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

# MISSISSIPPI DELTA COMMUNITY COLLEGE.

## Notes to the Financial Statements For the Year Ended June 30, 2008

### Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

### Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

### Administrative Expenses

Substantially all administrative operating expenses of the Organization are paid by Mississippi Delta Community College.

#### (2) Promises to Give.

Included in "Contributions Receivable" are the following unconditional promises to give:

Scholarships	\$ <u>7,200</u>
--------------	-----------------

Unconditional promises to give before unamortized discount and allowance for uncollectibles	7,200
--	-------



MISSISSIPPI DELTA COMMUNITY COLLEGE.

Notes to the Financial Statements  
For the Year Ended June 30, 2008

Less: unamortized discount	(1,007)
Subtotal	6,193
Less: allowance for uncollectibles	0
Net unconditional promises to give	\$ 6,193
Amounts due in:	
Less than one year	\$ 6,193
One to five years	0
Total	\$ 6,193

Discount rates ranged from 4.01% to 4.18%.

C. Restrictions on Net Assets.

Temporarily restricted net assets are available for the following purposes:

Capital campaign - Harper & Horton buildings	\$ 457,785
Student scholarships	408,222
Athletic programs	4,202
Campus scoreboards, marquees	1,472
Phi Theta Kappa	1,000
Various academic and administration departments	1,785
Total	\$ 874,466

The Organization had no permanently restricted net assets at June 30, 2008.

D. Investments.

Short-term investments held by the Organization at June 30, 2008 consist of the following:

	Fair Market Value
Bank certificate of deposit	\$ 163,015
Marketable Securities - Mutual Funds:	
Baron Asset Fund	31,639
Calvert Income Fund	162,247
Columbia International Value Fund	44,440
Henderson International Opportunities Fund	50,037
Janus Investments Mid Cap Value Fund	34,703

MISSISSIPPI DELTA COMMUNITY COLLEGE.

Notes to the Financial Statements  
For the Year Ended June 30, 2008

Primco Total Return Fund	171,846
Royce Value Plus Fund	21,252
Royce Total Return Fund	21,383
Selected American Shares Fund	217,015
Touchstone Strategic Trust Large Cap Growth Fund	271,133
Total Mutual Funds	<u>1,025,695</u>
Total Investments	\$ <u>1,188,710</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income	\$ 1,562	4,512	6,074
Dividend income	12,891	37,234	50,125
Realized capital gains	(713)	(2,060)	(2,773)
Increase, decrease (-) in unrealized capital gains	<u>(16,789)</u>	<u>(48,494)</u>	<u>(65,283)</u>
Total investment return, loss (-)	\$ <u>(3,049)</u>	<u>(8,808)</u>	<u>(11,857)</u>

MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE

SUPPLEMENTAL INFORMATION

MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Direct Federal</u>	<u>Federal Pass- Through</u>	<u>Total Federal Expenditures</u>
Student Financial Aid - Cluster:				
U. S. Department of Education				
Pell Grant	84.063	6,648,511		6,648,511
Academic Competency Grant	84.375	13,450		13,450
Supplemental Educational Opportunity Grants	84.007	121,798		121,798
College Work-study	84.033	134,811		134,811
Total Student Financial Aid Cluster		6,918,570	0	6,918,570
U. S. Department of Education				
Mississippi SBCJC - Adult Basic Education - State Grant Program	84.002		353,863	353,863
WIA Cluster:				
U. S. Department of Labor				
Mississippi Department of Employment Security - WIA				
WIA Individual Adult Programs	17.258		284,635	284,635
South Delta Planning District				
WIA Youth Activities (Be a Nurse After School Program)	17.259		32,704	32,704
WIA Individual Adult Programs:				
(Rapid Response Grant)	17.258/17.260		69,841	69,841
(Manufacturing Skills)	17.258/17.260		21,730	21,730
Total WIA Cluster		0	408,910	408,910
Total Major Programs		6,918,570	762,773	7,681,343
Other Programs:				
U. S. Department of Education				
Mississippi Department of Education - Vo Ed - Basic Grants	84.048		165,398	165,398
Mississippi Department of Education - Tech Prep Education	84.243		108,114	108,114
Higher Education - Strengthening Developing Institutions	84.031A		294,713	294,713
Grants to States for State Student Incentives	84.069		3,803	3,803
U. S. Department of Labor				
Mississippi Department of Employment Security - Trade Adjustment Assistance - Workers Individual Training	17.245		25,378	25,378
Employment Training and Administration Pilots Demonstrations and Research Projects:				
(Employment Training Grant)	17.261	203,858		203,858
(Employment Training Grants - Workforce Automotive)	17.261	47,462		47,462
U. S. Department of Housing and Urban Development				
Mississippi Development Authority - Community Development Block Grant State Program	14.228		22,236	22,236
Veterans Administration				
Post Vietnam Era - Veterans' Educational Assistance	64.120	557		557

MISSISSIPPI DELTA COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Direct Federal</u>	<u>Federal Pass- Through</u>	<u>Total Federal Expenditures</u>
U. S. Department of Health and Human Services State Rural Hospital Flexibility Programs (Delta Health Initiative Grant)	93.241	<u>476,644</u>		<u>476,644</u>
Total Other Federal Assistance		<u>728,521</u>	<u>619,642</u>	<u>1,348,163</u>
Total Federal Financial Assistance		<u>7,647,091</u>	<u>1,382,415</u>	<u>9,029,506</u>

Notes to Schedule:

1. This schedule was prepared using the same basis of accounting and same significant accounting policies, as applicable, used for the financial statements.
2. Expenditures include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

MISSISSIPPI DELTA COMMUNITY COLLEGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



MISSISSIPPI DELTA COMMUNITY COLLEGE

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

President and Board of Trustees  
Mississippi Delta Community College  
P. O. Box 668  
Moorhead, MS 38761

We have audited the financial statements of Mississippi Delta Community College as of and for the year ended June 30, 2008, as listed in the table of contents and have issued our report thereon dated March 24, 2009. We did not audit the financial statements of the discretely presented component unit, Mississippi Delta Community College Development Foundation, Inc. which represents 100 percent of the assets and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us. This report, insofar as it relates to the amounts included for the above mentioned entity, is based solely on the report of the other auditor. 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. The financial statements of the Mississippi Delta Community College Development Foundation, Inc., audited by another auditor, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the institutions's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the institution's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the institution'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 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 institution'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 the 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 institutions' 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 did not disclose any 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 institution, Members of the Legislature, entities with accreditation overview, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ellis & Hanley CPA PLLC*

March 24, 2009

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

President and Board of Trustees  
Mississippi Delta Community College  
P. O. Box 668  
Moorhead, MS 38761

Compliance

We have audited the compliance of Mississippi Delta Community College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The institution's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the institution's management. Our responsibility is to express an opinion on the institution's compliance based on our audit.

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

In our opinion, Mississippi Delta Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of Mississippi Delta Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the institution's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the institution's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the institution, Members of the Legislature, entities with accreditation overview, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ellis & Henberg CPA PLLC*

March 24, 2009

MISSISSIPPI DELTA COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

MISSISSIPPI DELTA COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS

President and Board of Trustees  
Mississippi Delta Community College  
P. O. Box 668  
Moorhead, MS 38761

We have audited the financial statements of Mississippi Delta Community College as of and for the year ended June 30, 2008, and have issued our report thereon dated March 24, 2009. We did not audit the financial statements of the discretely presented component unit, Mississippi Delta Community College Development Foundation, Inc., which represents 100 percent of the assets and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other 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. The financial statements of the Mississippi Delta Community College Development Foundation, Inc., audited by another auditor, were not audited in accordance with *Government Auditing Standards*.

As required by the state auditor, we have also performed procedures to test compliance with certain state 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 the institution, Members of the Legislature, entities with accreditation overview, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ellis & Hirsberg CPA PLLC*

March 24, 2009



MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MISSISSIPPI DELTA COMMUNITY COLLEGE

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MISSISSIPPI DELTA COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Section 1: Summary of Auditors' Results

Financial Statements

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements.                        | Unqualified   |
| 2. | Material noncompliance relating to the financial statements?                        | No            |
| 3. | Internal control over financial reporting:  |               |
| a. | Material weakness identified?   | No            |
| b. | Significant deficiency identified that is not considered to be a material weakness? | None Reported |

Federal Awards:

- |     |   |               |
|-----|---|---------------|
| 4.  | Type of auditor's report issued on compliance for major federal programs:   | Unqualified   |
| 5.  | Internal control over major programs:   |               |
| a.  | Material weakness identified?   | No            |
| b.  | Significant deficiency identified that is not considered to be a material weakness?   | None Reported |
| 6.  | Any audit finding(s) reported as required by Section ____ .510(a) of Circular A-133?  | No            |
| 7.  | Federal programs identified as major programs:  |               |
| a.  | Student financial aid cluster:<br>CFDA #84.007<br>CFDA #84.033<br>CFDA #84.063<br>CFDA #84.375  |               |
| b.  | Strengthening Institutions<br>CFDA #84.031A   |               |
| c.  | Delta Health Initiative Grant<br>CFDA #93.241   |               |
| 8.  | The dollar threshold used to distinguish between type A and type B programs:  | \$300,000     |
| 9.  | Auditee qualified as a low-risk auditee?  | Yes           |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | No            |

## Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

## Section 3: Federal Awards Finding and Questioned Costs

The results of our tests did not disclose any findings and questioned cost relating to federal awards.

MISSISSIPPI DELTA COMMUNITY COLLEGE

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE UNDER SAS NO. 114

MISSISSIPPI DELTA COMMUNITY COLLEGE

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**COMMUNICATION WITH THOSE CHARGED WITH  
GOVERNANCE UNDER SAS NO. 114**

President and Board of Trustees  
Mississippi Delta Community College  
P. O. Box 668  
Moorhead, MS 38761

We have audited the financial statements of Mississippi Delta Community College for the year ended June 30, 2008, and have issued our report thereon dated March 24, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U. S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 5, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit, we considered the internal control of Mississippi Delta Community College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.
4. We are also responsible for communicating matters required by Government Auditing Standards Budget Circular A-133 - *Audits of State and Local Governments and Nonprofit Organizations*, and the Mississippi State Auditor's Office.

Our audit of the financial statements does not relieve you or management of your responsibilities.



### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our contract dated February 14, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mississippi Delta Community College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Mississippi Delta Community College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts is based on experience. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statement taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was Note 16 dealing with the acquisition of the Greenville Higher Education Center. The building was recorded on the books at the insured value.

#### *Difficulties Encountered in Performing the Audit*

The Mississippi Delta Community College Development Foundation, Inc. (Foundation) is a component unit of Mississippi Delta Community College. As such, its financial statements are required to be incorporated into the College's report. We completed our field work in early December 2008 but did not receive the Foundation's audit until early February 2009. Before we can issue the audit, it has to be reviewed by the State of Mississippi Department of Audit. All of these factors could be a barrier in the process of providing you a timely report.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 24, 2009.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees charged with governance and management of Mississippi Delta Community College and is not intended to be and should not be used by anyone other than these specified parties.

March 24, 2009

*Ellis H. Humber CPA PLLC*

**ATTACHMENT TO**  
**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE**

Immaterial Adjustments Not Reflected on the Financial Statements

	Statement Of Net <u>Assets</u>	Statement Of Financial <u>Position</u>
Overstated Depreciation Expense Reduces Profit and Net Assets	(32,194)	(32,194)
Land at the Greenville Higher Education Center Not Recorded Reduces Net Assets	<u>(8,000)</u>	<u>                    </u>
<u>Total</u>	<u><u>(40,194)</u></u>	<u><u>(32,194)</u></u>