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**TUNICA COUNTY, MISSISSIPPI  
AUDITED PRIMARY GOVERNMENT  
FINANCIAL STATEMENTS AND SPECIAL REPORTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**TUNICA COUNTY, MISSISSIPPI**

**ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2005**

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TUNICA COUNTY

FINANCIAL SECTION



## **INDEPENDENT AUDITOR'S REPORT**

*Members of the Board of Supervisors  
Tunica County, Mississippi*

*We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tunica County, Mississippi, as of and for the year ended September 30, 2005, which collectively comprise the county's primary government financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.*

*We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

*The financial statements referred to above include only the primary government of Tunica County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Tunica County, Mississippi, as of September 30, 2005, and the respective changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.*

*In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of Tunica County, Mississippi, as of September 30, 2005, and the respective changes in financial position 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 May 8, 2006 on our consideration of the Tunica County'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 and the Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.*

*Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Tunica County, Mississippi's basic financial statements. The accompanying 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 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.*

*Williams, Pitts & Beard, PLLC*

*Williams, Pitts & Beard, PLLC*

*Certified Public Accountants*

*May 8, 2006*

TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TUNICA COUNTY, MISSISSIPPI**  
*Management's Discussion and Analysis*  
*For the Year Ended September 30, 2005*

*The discussion and analysis of Tunica County's financial performance provides an overall narrative review of Tunica County's financial activities for the year ended September 30, 2005. The intent of this discussion and analysis is to look at Tunica County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of Tunica County's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this county's financial statements, notes to financial statements, and any accompanying materials. To the extent this discussion contains any forward-looking statements of the county's plans, objectives, expectations, and prospects; the actual results could differ materially from those discussed herein.*

*This discussion and analysis is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.*

**Financial Highlights**

- *Total net assets decreased -\$3,071,746 which represents a 2% decrease from fiscal year 2004.*
- *General revenues account for \$43,824,178 in revenue, or 95% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,386,909 or 5% of total revenues.*
- *The County had \$49,282,833 in expenses; only \$2,386,909 of these expenses were offset by program specific charges for services, grants and contributions.*
- *Among major funds, the General Fund had \$36,578,441 in revenues and \$37,895,598 in expenditures. The General Fund's fund balance decreased \$1,104,883 from the prior year.*
- *Long-term debt increased due primarily to the addition of \$2,500,000 in Airport Improvement Bonds.*

**OVERVIEW OF FINANCIAL STATEMENTS**

*This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.*

**Government-wide financial statements.** *The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.*

*The statement of net assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.*

*The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.*

*The government-wide financial statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include instruction, support services, non-instructional, sixteenth section, and interest on long-term liabilities.*

*The government-wide financial statements can be found on page 12-13 of this report.*

***Fund financial statements.*** *A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.*

***Governmental funds.*** *Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the county's operations.*

*Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 15 and 17, respectively.*

*The County maintains individual governmental funds in accordance with the Mississippi County Financial Accounting Manual issued by the Mississippi Office of the State Auditor. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds. The basic governmental fund financial statements can be found on pages 14-17 of this report.*

***Fiduciary funds.*** *Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own*

programs. The accrual basis of accounting is used for fiduciary funds. The county is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are presented in a separate Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets on pages 18-19.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-35 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund (if applicable). This required supplementary information can be found on pages 36-42 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 42 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** Net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$146,286,792 as of September 30, 2005.

By far the largest portion of the County's net assets (96%) reflects its investments in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress, less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens and to tourists visiting the county; consequently these assets are not available for future spending.

The County's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2005:

	<u>2005</u>	<u>2004</u>
Current assets	\$ 11,962,858	\$ 13,771,118
Capital assets, net	<u>177,715,606</u>	<u>180,262,541</u>
<b>Total assets</b>	<b><u>\$ 189,678,464</u></b>	<b><u>\$194,033,659</u></b>
Current liabilities	\$ 7,388,393	\$ 8,576,869
Long-term debt outstanding	<u>36,003,279</u>	<u>34,925,697</u>
<b>Total liabilities</b>	<b><u>\$ 43,391,672</u></b>	<b><u>\$ 43,502,566</u></b>
<b>Net assets:</b>		
Invested in capital assets, net	\$ 141,348,196	\$144,892,791
Restricted	5,939,982	6,070,754
Unrestricted	<u>(1,001,386)</u>	<u>(432,452)</u>
<u>68,971</u>		
<b>Total net assets</b>	<b><u>\$ 146,286,792</u></b>	<b><u>\$150,531,093</u></b>

**TUNICA COUNTY, MISSISSIPPI**  
*Management's Discussion and Analysis (continued)*

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The issuance of \$2,500,000 of long-term debt.

**Changes in net assets.** The County's total revenues for the fiscal year ended September 30, 2005 were \$46,211,087. The total cost of all programs and services was \$49,282,833. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2005.

<b>Revenues:</b>	<u>2005</u>	<u>2004</u>
Program revenues	\$ 2,386,909	\$ 4,205,081
General revenues	<u>43,824,178</u>	<u>44,792,973</u>
<b>Total revenues</b>	<b><u>\$46,211,087</u></b>	<b><u>\$ 48,998,054</u></b>
<b>Expenses:</b>		
General Government	\$ 8,600,735	\$ 7,350,890
Public Safety	8,931,586	8,917,901
Public Works	14,121,075	13,193,512
Health & Welfare	1,414,239	983,274
Culture & Recreation	9,400,635	9,766,166
Education	96,600	144,000
Conservation of Natural Resources	1,167,731	1,255,765
Economic Development	3,951,202	4,730,230
Interest and other expenses on Long-term debt	<u>1,599,030</u>	<u>1,453,867</u>
<b>Total expenses</b>	<b><u>49,282,833</u></b>	<b><u>47,795,605</u></b>
<b>Increase in net assets</b>	<b><u>\$ (3,071,746)</u></b>	<b><u>\$ 1,202,449</u></b>

**Governmental activities.** The following table presents the cost of nine major County functional activities: general government, public safety, public works, health and welfare, culture and recreation, education, conservation of natural resources, economic development and assistance, and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and County's taxpayers by each of these functions.

	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
	<b>Total</b>	<b>Net (Expense)</b>	<b>Total</b>	<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Revenue</b>
General government	\$ 7,202,891	\$ (5,622,118)	\$7,350,890	\$ (5,425,266)
Public safety	8,931,586	(8,573,794)	8,917,901	(8,628,142)
Public works	14,121,075	(13,916,963)	13,193,512	(11,552,057)
Health & Welfare	1,414,239	(1,334,007)	983,274	(983,274)
Culture & Recreation	6,388,920	(6,388,920)	9,766,166	(9,766,166)
Education	96,600	(96,600)	144,000	(144,000)
Conservation of Natural Resources	1,167,731	(1,167,731)	1,255,765	(1,031,249)
Economic development & assistance	8,360,761	(8,196,761)	4,730,230	(4,606,503)
Interest and other expenses on Long term debt	<u>1,599,030</u>	<u>(1,599,030)</u>	<u>1,453,867</u>	<u>(1,453,867)</u>
<b>Total expenses</b>	<b><u>\$49,282,833</u></b>	<b><u>\$ (46,895,924)</u></b>	<b><u>\$47,795,605</u></b>	<b><u>\$(43,590,524)</u></b>

- *Net cost of governmental activities \$(46,895,924) was financed by general revenue, which is made up of primarily property taxes \$(3,460,639) and state and federal revenue \$(38,910,590).*
- *Investment earnings accounted for \$71,574 of funding.*

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

*As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.*

**Governmental funds.** *The focus of the County's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.*

*The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$4,762,752, a decrease of \$734,232. \$4,762,752 or 100% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the County's discretion.*

*The General Fund is the principal operating fund of the County. The decrease in fund balance in the General Fund for the fiscal year was \$(1,283,536) a result of a decrease in intergovernmental revenues. There was also a prior period adjustment that increased the fund balance \$178,653 due to transferring the Garbage and Solid Waste Fund, the Battle Arena Fund, and the Capital Projects Fund to the General Fund.*

## **BUDGETARY HIGHLIGHTS**

*Over the course of the year, the County revised the annual operating budget.*

- *Budgeted amounts for general government expenditures were increased primarily due to operating expense increases for the opening of newly constructed recreational facilities.*

*A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds (if applicable) is provided in this report as required supplementary information.*

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** *As of September 30, 2005, the County's total capital assets were \$177,715,606, including county buildings, improvements other than buildings, other county vehicles, furniture, and equipment. This amount represents a decrease of \$2,546,935. Total accumulated depreciation as of September 30, 2005 was \$56,365,032 and total depreciation expense for the year was \$6,921,657.*

*Additional information on the County's capital assets can be found in Note 7 of this report.*

**TUNICA COUNTY, MISSISSIPPI**  
*Management's Discussion and Analysis (continued)*

**Debt Administration.** *At September 30, 2005, the County had \$36,778,764 in other long-term debt outstanding, of which \$1,520,808 is due within one year.*

*The County maintains a **BBB+** bond rating.*

*Additional information of the County's long-term debt can be found in Note 10 of this report.*

**CURRENT ISSUES**

*Tunica County is financially stable. The County is proud of its community support of the public.*

*The County has committed itself to financial excellence for many years. The millage has not increased in 9 years. In addition, the County system of financial planning, budgeting, and internal financial controls are well regarded. The County plans to continue its sound fiscal management to meet the challenges of the future.*

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

*If you have questions about this report, contact:*

**Tunica County Board of Supervisors**  
**P.O. Box 639**  
**Tunica, MS 38676**

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

**TUNICA COUNTY, MISSISSIPPI**  
Statement of Net Assets  
September 30, 2005

**Exhibit 1**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,584,614
Cash with fiscal agent	942,429
Property tax receivable	2,544,300
Fines receivable (net of allowance for uncollectibles of \$202,253 )	1,211,550
Intergovernmental receivables	2,688,730
Other receivables	31,215
Debt issuance costs	960,020
Capital assets, net	<u>177,715,606</u>
Total assets	<u>189,678,464</u>
<b>LIABILITIES</b>	
Claims payable	2,080,396
Intergovernmental payables	425,655
Accrued interest payable	411,292
Deferred revenue	2,544,300
Long-term liabilities	
Due within one year:	
Capital-related debt	1,520,808
Non-capital related debt	405,942
Due in more than one year:	
Capital-related debt	35,257,956
Bond premium	137,374
Non-capital related debt	<u>607,949</u>
Total liabilities	<u>43,391,672</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	141,348,196
Restricted net assets:	
Expendable:	
Public Safety	170,619
Public works	5,837,621
Economic Development	-
Unemployment compensation	
Other purposes	(7,125)
Unrestricted net assets	<u>(1,062,519)</u>
Total net assets	<u>\$ 146,286,792</u>

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI**  
Statement of Activities  
Year Ended September 30, 2005

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					<u>Primary Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities					
General government	\$ 8,600,735	\$ 1,580,773	\$ -	\$ -	\$ (7,019,962)
Public safety	8,931,586	158,095	199,697	-	(8,573,794)
Public works	14,121,075	178,712	-	25,400	(13,916,963)
Health and welfare	1,414,239	80,232	-	-	(1,334,007)
Culture and recreation	9,400,635	-	-	-	(9,400,635)
Education	96,600	-	-	-	(96,600)
Conservation of natural resources	1,167,731	-	-	-	(1,167,731)
Economic development and assistance	3,951,202	-	164,000	-	(3,787,202)
Interest and other expenses on long-term debt	1,599,030	-	-	-	(1,599,030)
Total governmental activities	<u>\$ 49,282,833</u>	<u>\$ 1,997,812</u>	<u>\$ 363,697</u>	<u>\$ 25,400</u>	<u>(46,895,924)</u>
General revenues					
Taxes					3,460,639
Road and bridge privilege taxes					130,725
Grants and contributions not restricted to specific programs					38,910,590
Unrestricted investment income					71,574
Miscellaneous					1,250,650
Total general revenues					<u>43,824,178</u>
Change in net assets					<u>(3,071,746)</u>
Net assets - Beginning					150,531,093
Prior period adjustment					<u>(1,172,555)</u>
Net assets-as restated					149,358,538
Net Assets-Ending					<u>\$ 146,286,792</u>

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI**  
 Balance Sheet  
 Governmental Funds  
 September 30, 2005

**Exhibit 3**

	General	Airport Improvement Bond Fund	Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 2,266,017	\$ 961,491	\$ 357,106	\$ 3,584,614
Cash with fiscal agent	942,429	-	-	-	942,429
Property tax receivable	2,481,000	-	-	63,300	2,544,300
Fines receivable	1,211,550	-	-	-	1,211,550
Intergovernmental receivables	2,378,395	-	310,335	-	2,688,730
Other receivables	31,215	-	-	-	31,215
Due from other funds	-	-	3,104,974	1,257	3,106,231
<b>Total Assets</b>	<u>\$ 7,044,589</u>	<u>\$ 2,266,017</u>	<u>\$ 4,376,800</u>	<u>\$ 421,663</u>	<u>\$ 14,109,069</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Claims payable	\$ 1,257,366	\$ -	\$ 805,196	\$ 17,834	\$ 2,080,396
Intergovernmental payables	187,487	-	-	238,168	425,655
Due to other funds	3,106,231	-	-	-	3,106,231
Deferred revenue	3,670,735	-	-	63,300	3,734,035
Other payables	-	-	-	-	-
<b>Total Liabilities</b>	<u>8,221,819</u>	<u>-</u>	<u>805,196</u>	<u>319,302</u>	<u>9,346,317</u>
Reserved for:					
Unemployment Compensation	-	-	-	(61,133)	(61,133)
Other		2,266,017			2,266,017
Unreserved, reported in:					
General Fund	(1,177,230)	-	-		(1,177,230)
Special Revenue Funds	-		3,571,604	163,494	6,001,115
Capital Project Funds	-	-	-	-	-
<b>Total Fund Balances</b>	<u>(1,177,230)</u>	<u>2,266,017</u>	<u>3,571,604</u>	<u>102,361</u>	<u>4,762,752</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,044,589</u>	<u>\$ 2,266,017</u>	<u>\$ 4,376,800</u>	<u>\$ 421,663</u>	<u>\$ 14,109,069</u>

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI**  
Reconciliation of Governmental Funds Balance Sheet  
To the Statement of Net Assets  
September 30, 2005

**Exhibit 3-1**

<b>Total Fund Balance - Governmental Funds</b>	\$ 4,762,752
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$56,365,032	177,715,606
Fines receivable that have accrued at year end but are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the difference between \$1,211,550 (the total receivable) and \$21,815 (the amount accrued for current fines receivable.)	1,189,735
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	960,020
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(37,930,029)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Accrued interest payable	<u>(411,292)</u>
<b>Total Net Assets - Governmental Activities</b>	<u><u>\$ 146,286,792</u></u>

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI****Exhibit 4**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year ended September 30, 2005

	General	Airport Improvement Bond Fund	Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,426,662	\$ -	\$ 259	\$ 1,033,718	\$ 3,460,639
Road and bridge privilege taxes	-	-	130,725	-	130,725
Licenses, commissions and other	997,492	-	-	14,528	1,012,020
Fines and forfeitures	442,130	-	-	-	442,130
Intergovernmental revenues	31,553,361	-	5,002,310	2,744,015	39,299,686
Charges for services	313,453	-	-	103,587	417,040
Interest income	12,565	15,353	43,655	-	71,573
Miscellaneous	832,778	-	321,054	39,098	1,192,930
<b>Total Revenues</b>	<b>36,578,441</b>	<b>15,353</b>	<b>5,498,003</b>	<b>3,934,946</b>	<b>46,026,743</b>
<b>EXPENDITURES</b>					
General government	8,348,729	-	-	84,184	8,432,913
Public safety	7,603,448	-	-	1,142,429	8,745,877
Public works	3,457,450	249,337	7,203,130	-	10,909,917
Health and welfare	1,380,041	-	-	-	1,380,041
Culture and recreation	7,142,914	-	-	22,393	7,165,307
Education	96,600	-	-	-	96,600
Conservation of natural resources	1,138,624	-	-	-	1,138,624
Economic development and assistance	5,626,422	-	-	2,721,623	8,348,045
Debt service:					
Principal	1,395,811	-	-	-	1,395,811
Interest	1,705,559	-	-	-	1,705,559
Bond issue costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>37,895,598</b>	<b>249,337</b>	<b>7,203,130</b>	<b>3,970,629</b>	<b>49,318,694</b>
Excess of Revenues over (under) Expenditures	(1,317,157)	(233,984)	(1,705,127)	(35,683)	(3,291,951)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	-	2,500,000	-	-	2,500,000
Proceeds from sale of capital assets	24,403	-	-	-	24,403
Compensation for loss of capital assets	9,218	-	24,098	-	33,316
Transfer in	-	-	-	-	-
Transfer (out)	-	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	<b>33,621</b>	<b>2,500,000</b>	<b>24,098</b>	<b>-</b>	<b>2,557,719</b>
<b>Net change in fund balances</b>	<b>(1,283,536)</b>	<b>2,266,016</b>	<b>(1,681,029)</b>	<b>(35,683)</b>	<b>(734,232)</b>
Fund balances - Beginning	(72,347)	-	5,252,633	316,698	5,496,984
Prior period adjustment	178,653	-	-	(178,653)	-
Fund balances - Beginning of year (as restated)	106,306	-	5,252,633	138,045	5,496,984
Fund balance - end of year	\$ (1,177,230)	\$ 2,266,016	\$ 3,571,604	\$ 102,362	\$ 4,762,752

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI****Exhibit 4-1**

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities  
Year Ended September 30, 2005

**Net Changes in Fund Balances - Governmental Funds (Exhibit 4)** \$ (734,232)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$51,679,101 (less completed construction \$45,151,389) exceeded depreciation of \$6,921,657 in the current period. (393,946)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the loss of \$1,038,153 and the proceeds from the sale of \$57,719 in the current period. (980,434)

Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 126,624

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment of debt reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$2,500,000 exceeded debt payments of \$1,395,811. (1,104,189)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However; in the Statement of Activities, which is presented on the accrual basis, expenses and revenue are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:

Bond issue costs	(52,539)
Bond premium amortization	7,262
Claims and judgments	15,613
Compensated absences	(107,711)
Accrued interest on loans	151,806
	<hr/>

**Change in Net Assets of Governmental Activities (Exhibit 2)** \$ (3,071,746)

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
Year Ended September 30, 2005

**Exhibit 5**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ 30,310	\$ 1,331,793
Other receivables	<u>-</u>	<u>7,473</u>
Total Assets	<u>30,310</u>	<u>\$ 1,339,266</u>
<b>LIABILITIES</b>		
Claims payable and other accrued liabilities	-	246,228
Intergovernmental payables	<u>0</u>	<u>1,093,038</u>
Total Liabilities	<u>-</u>	<u>\$ 1,339,266</u>
<b>NET ASSETS</b>		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,310</u>	
Total net assets	<u>\$ 30,310</u>	

See accompanying notes to financial statements.

**TUNICA COUNTY, MISSISSIPPI**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2005**

**Exhibit 6**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Gifts, bequests, and endowments	\$ -
Investment income:	
Interest income:	
Total Additions	<u>                    </u>
<b>DEDUCTIONS</b>	
Administrative expense	<u>                    0</u>
Total Deductions	<u>                    0</u>
Change in net assets held in trust for:	
Individuals, organizations and other governments	-
Net assets - beginning	<u>                    30,310</u>
Net assets - ending	<u><u>                    30,310</u></u>

See accompanying notes to financial statements.

## **TUNICA COUNTY, MISSISSIPPI**

*Notes to Financial Statements*

*Year Ended September 30, 2005*

### **(1) Summary of Significant Accounting Policies.**

#### **A. Financial Reporting Entity.**

*Tunica County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tunica County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.*

*Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.*

- *Tunica County Utility District*
- *Tunica County Museum, Inc.*
- *Tunica County Arena and Exposition Center*
- *Tunica County Tourism Commission*
- *Tunica County Airport Commission*
- *Tunica County Public Projects, Inc.*

*State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.*

- *Board of Supervisors*
- *Chancery Clerk*
- *Circuit Clerk*
- *Justice Court Clerk*
- *Purchase Clerk*
- *Tax Assessor-Collector*
- *Sheriff*

#### **B. Basis of Presentation.**

*The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.*

*Government-wide Financial Statements:*

*The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary governments. For the most part, the effect of interfund activity has been removed from these statements. Governmental*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

*activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenue. Business-type activities rely mainly on fees and charges for support.*

*The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the county.*

*Fund Financial Statements:*

*Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.*

**C. Measurement Focus and Basis of Accounting.**

*The Government-wide, Proprietary Fund and Fiduciary Fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenue are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied*

*Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.*

## **TUNICA COUNTY, MISSISSIPPI**

### *Notes to Financial Statements*

*Year Ended September 30, 2005*

*The county reports the following major Governmental Funds:*

*General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.*

*Airport Improvement Bond Fund – This fund is used to account for monies from the General Obligation Airport Improvement Bond Series 2005 and the subsequent appropriation of those funds to the Tunica County Airport Commission.*

*Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance..*

*Additionally, the county reports the following fund types:*

#### **GOVERNMENTAL FUND TYPES**

*Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.*

#### **FIDUCIARY FUND TYPES**

*Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.*

*Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.*

#### **D. Account Classifications.**

*The account classifications used in the financial statements conform to the broad classifications recommended in Governmental Accounting, Auditing and Financial Reporting as issued in 2005 by the Government Finance Officers Association.*

#### **E. Deposits and Investments.**

*State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.*

*Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

*F. Receivables.*

*Receivables are reported net of allowances for uncollectible accounts, where applicable.*

*G. Interfund Transactions and Balances.*

*Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.*

*H. Restricted Assets*

*Component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets/ When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.*

*I. Capital Assets*

*Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs, have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.*

*Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980 are reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.*

*Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds.*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ -	n/a
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

- *Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.*

**I. Long-term liabilities.**

*Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.*

*In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.*

*In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.*

**J. Equity Classifications.**

*Government-wide Financial Statements:*

*Equity is classified as net assets and displayed in three components:*

*Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.*

*Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or law through constitutional provisions or enabling legislation.*

*Unrestricted net assets - All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

*Fund Financial Statements:*

*Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved, with unreserved classified as designated and undesignated.*

*Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.*

**K. Property Tax Revenues.**

*Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.*

*The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.*

*Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.*

**L. Intergovernmental Revenues in Governmental Funds.**

*Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.*

**M. Compensated Absences.**

*The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

**(2) Changes in Accounting Standards**

*For the fiscal year ended September 30, 2005, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The provisions of this new statement have been incorporated into the financial statements and the accompanying notes.*

**(3) Prior Period Adjustments .**

*Exhibit 2 – Statement of Activities*

*Explanation*

*Prior year had duplication of construction in progress-infrastructure \$ (1,172,555)*

**(4) Deposits and Investments.**

*Deposits:*

*The carrying amount of the county's total deposits with financial institutions at September 30, 2005, was \$4,946,716, and the bank balance was \$6,745,491. 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 Federal Depository Insurance Corporation.*

*Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However the Mississippi State Treasurer manages that risk on behalf of the county. 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 county.*

**(5) Interfund Transactions and Balances.**

*The following is a summary of interfund balances at September 30, 2005:*

**A. Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Maintenance Fund	General Fund	\$ 3,104,974
Other Governmental Funds	General Fund	1,257
		<u>\$ 3,106,231</u>

**TUNICA COUNTY, MISSISSIPPI**  
Notes to Financial Statements  
Year Ended September 30, 2005

This was a cash advance of \$3,094,955 and the rest was for settlement of September tax receipts. All interfund balances are expected to be repaid within one year.

**(6) Intergovernmental Receivables.**

Intergovernmental receivables at September 30, 2005 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gaming Revenue (September)	\$ 2,608,672
Federal Grants	31,826
Other receivables	<u>48,232</u>
Total Governmental Activities	<u>\$ 2,688,730</u>

**(7) Capital Assets.**

	<u>Balance at 9/30/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance at 9/30/2005</u>
<i>Governmental Activities</i>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 5,966,841	\$ -	\$ -	\$ -	\$ 5,966,841
Construction in progress	44,503,658	4,616,889	45,151,389	-	3,969,158
Total non-depreciable capital assets	<u>50,470,499</u>	<u>4,616,889</u>	<u>45,151,389</u>	<u>-</u>	<u>9,935,999</u>
<u>Depreciable capital assets:</u>					
Infrastructure	105,970,805	113,807	25,427	(1,172,555)	104,886,630
Buildings and improvements	58,696,391	30,546,312	314,676	-	88,928,027
Improvements other than buildings	3,757,697	14,783,467	-	-	18,541,164
Mobile equipment	7,901,977	1,310,014	1,137,276	-	8,074,715
Furniture and equipment	3,463,977	308,611	58,485	-	3,714,103
Total depreciable capital assets	<u>179,790,847</u>	<u>47,062,211</u>	<u>1,535,864</u>	<u>(1,172,555)</u>	<u>224,144,639</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	38,619,052	3,147,379	20,341	-	41,746,090
Buildings and improvements	4,776,643	1,775,614	45,601	-	6,506,656
Improvements other than buildings	408,592	741,647	-	-	1,150,239
Mobile equipment	4,226,392	756,177	465,148	-	4,517,421
Furniture and equipment	1,968,126	500,840	24,340	-	2,444,626
Total accumulated depreciation	<u>49,998,805</u>	<u>6,921,657</u>	<u>555,430</u>	<u>-</u>	<u>56,365,032</u>
Total depreciable capital assets, net	<u>129,792,042</u>	<u>40,140,554</u>	<u>980,434</u>	<u>(1,172,555)</u>	<u>167,779,607</u>
Governmental activities capital assets, net	<u>\$ 180,262,541</u>	<u>\$ 44,757,443</u>	<u>\$ 46,131,823</u>	<u>\$ (1,172,555)</u>	<u>\$ 177,715,606</u>

Adjustments: The adjustment to infrastructure was a correction of a prior period duplication of infrastructure construction in progress.

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

Depreciation expense was charged to the governmental functions, as follows:

	<u>Amount</u>
Governmental Activities:	
General government	401,002
Public safety	788,301
Public works	3,276,771
Health and welfare	128,713
Culture and Recreation	2,283,997
Conservation of Natural Resources	28,375
Economic Development and Assistance	14,498
Total governmental activities depreciation expense	<u>\$ 6,921,657</u>

As of September 30, 2005, the county had the following commitments with respect to unfinished capital projects:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
North Subdivision Major Improvements	\$ 135,516	November 2005
White Oak Road Realignment	1,533,518	May 2005

**(8) Claims and Judgments.**

*Risk Financing*

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$750,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2005, to January 1, 2006. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on one separate stop loss coverage: specific. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances of claims liabilities during the year are as follows:

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

<i>Unpaid Claims, Beginning of Fiscal Year</i>	\$ 421,555
<i>Plus: Incurred Claims (Including IBNRs)</i>	2,447,778
<i>Less: Claims Payments</i>	<u>(2,463,391)</u>
 <i>Unpaid Claims, End of Fiscal Year</i>	 <u><u>\$ 405,942</u></u>

**(9) Operating Leases.**

*As Lessor:*

*The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$128,189 for the year ended September 30, 2005. The future minimum lease receivables for these leases are as follows:*

<u><i>Year Ended September 30</i></u>	<u><i>Amount</i></u>
2006	\$ 133,814
2007	135,689
2008	128,999
2009	66,572
2010	66,572
2011 - 2015	<u>227,454</u>
<i>Total Minimum Payments Required</i>	<u><u>\$ 759,100</u></u>

*As Lessee:*

*The county has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$10,025 for the year ended September 30, 2005. The future minimum lease payments for these leases are as follows:*

<u><i>Year Ended September 30</i></u>	<u><i>Amount</i></u>
2006	\$ 4,700
2007	500
2008	500
2009	500
2010	500
2011 - 2015	2,000
2016 - 2020	<u>2,000</u>
<i>Total Minimum Payments Required</i>	<u><u>\$ 10,700</u></u>

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

**(10) Long-Term Debt.**

*Debt outstanding as of September 30, 2005, consisted of the following:*

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<i>Governmental Activities</i>			
<i>A. General Obligation Bonds:</i>			
<i>Mississippi Development Bank Special Obligation Bonds, Series 2003 (Tunica County, Mississippi General Obligation Public Improvement Bond Project)</i>	<i>\$ 11,625,000</i>	<i>3% - 6.5%</i>	<i>12/2023</i>
<i>Mississippi Development Bank Special Obligation Bonds, Series 2004 (Tunica County, Mississippi Refunding Bond Project)</i>	<i>10,560,000</i>	<i>variable</i>	<i>09/2023</i>
<i>First Security Bank General Obligation Airport Improvement Bonds Series 2005</i>	<u><i>2,500,000</i></u>	<i>3.6 - 5.125%</i>	<i>05/2025</i>
<i>Total General Obligation Bonds</i>	<u><u><i>\$ 24,685,000</i></u></u>		
<i>B. Other Loans:</i>			
<i>Water improvements CAP loan</i>	<i>400,724</i>	<i>4%</i>	<i>09/2012</i>
<i>Capital &amp; equipment acquisition</i>	<i>5,143,040</i>	<i>variable</i>	<i>09/2023</i>
<i>Mississippi recreational facilities</i>	<u><i>6,550,000</i></u>	<i>3% - 4%</i>	<i>09/2023</i>
<i>Total Other Loans</i>	<u><u><i>\$ 12,093,764</i></u></u>		

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

*Governmental Activities:*

<i>Year Ending September 30</i>	<u><i>General Obligation Bonds</i></u>		<u><i>Other Loans</i></u>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2006	\$ 940,000	\$ 1,119,338	\$ 590,808	\$ 470,859
2007	980,000	1,065,825	602,735	446,733
2008	1,025,000	1,011,000	614,885	421,645
2009	1,075,000	959,843	632,213	396,267
2010	1,125,000	907,931	644,740	369,053
2011 - 2015	6,455,000	3,732,300	3,275,342	1,470,368
2016 - 2020	8,000,000	2,192,128	3,496,709	839,605
2021 - 2025	5,085,000	487,683	2,236,332	148,490
2026 - 2030	-	-	-	-
2031 - 2035	-	-	-	-
<b>Total</b>	<u><b>\$ 24,685,000</b></u>	<u><b>\$ 11,476,048</b></u>	<u><b>\$ 12,093,764</b></u>	<u><b>\$ 4,563,020</b></u>

*Legal Debt Margin* – The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2005, the amount of outstanding debt was equal to 13.33% of the latest property assessment.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2005:

	<u><i>Balance at</i></u> <u><i>9/30/2004</i></u>	<u><i>Additions</i></u>	<u><i>Deletions</i></u>	<u><i>Balance at</i></u> <u><i>9/30/2005</i></u>	<u><i>Amounts</i></u> <u><i>Due Within</i></u> <u><i>One Year</i></u>
<i>Governmental Activities:</i>					
<i>Bonds payable:</i>					
General obligation	\$ 23,000,000	\$ 2,500,000	\$ 815,000	\$ 24,685,000	\$ 940,000
<i>Plus deferred amounts:</i>					
Bond premium	144,636		7,262	137,374	
Other loans	12,674,575	-	580,811	12,093,764	580,808
Claims and judgments	421,555	-	15,613	405,942	405,942
Compensated absences	500,238	119,326	11,615	607,949	-
<b>Total</b>	<u><b>\$ 36,741,004</b></u>	<u><b>\$ 2,619,326</b></u>	<u><b>\$ 1,430,301</b></u>	<u><b>\$ 37,930,029</b></u>	<u><b>\$ 1,926,750</b></u>

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2005*

**(11) Deficit Fund Balances of Individual Funds.**

*The following funds reported deficits in fund balances at September 30, 2005:*

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	(1,177,230)
Special Revenue Funds:	
Law Library Fund	(7,125)
Unemployment Fund	(61,133)

**(12) Contingencies.**

*Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.*

*Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.*

**(13) No Commitment Debt (Not Included in Financial Statements).**

*No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:*

<u>Description</u>	<u>Balance at Sept 30, 2005</u>
Tax increment financing bonds	\$ <u>850,000</u>

## **TUNICA COUNTY, MISSISSIPPI**

*Notes to Financial Statements*

*Year Ended September 30, 2005*

### **(14) Joint Venture.**

*The county participates in the following joint venture:*

*The county is a participant with DeSoto, Lafayette, Panola and Tate Counties in a joint venture, authorized by Section 39-3-9, Miss Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free library service to the citizens of the respective counties. First Regional Library is governed by a five-member board appointed by the Board of Supervisors of the counties participating, one from each county. Each county appropriates funds each year with the amount being determined by each Board of Supervisors for the ongoing support of the First Regional Library. The county's appropriations from the General Fund this year to the joint venture amounted to \$248,000. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.*

### **(15) Jointly Governed Organizations.**

*The county participates in the following jointly governed organizations:*

*North Delta Planning and Development District operates in a district composed of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tunica Board of Supervisors appoints two of 30 members of the board of directors. The county appropriated \$701,003 for support for the district in fiscal year 2005.*

*The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Tunica County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county appropriated \$552,483 for support of the district in the fiscal year 2005.*

*Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tunica County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$411,924 for maintenance and support of the college in the fiscal year 2005.*

*Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tunica County Board of Supervisors appoints one of the 12 members of the college board of trustees. The county appropriated \$321,907 for maintenance and support of the college in the fiscal year 2005.*

*Mid-State Opportunity, Inc. operates in a district composed of the Counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tunica County Board of Supervisors appoints one of the 30 board members. The county appropriated \$350,000 for support of the agency in fiscal year 2005.*

## **TUNICA COUNTY, MISSISSIPPI**

*Notes to Financial Statements*

*Year Ended September 30, 2005*

*The Region One Mental Health Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Tunica County Board of Supervisors appoints one of the 4 members of the board of commissioners. The county appropriated \$78,320 for support of the center in fiscal year 2005.*

### **(16) Defined Benefit Pension Plan.**

*Plan Description. Tunica County, Mississippi, contributes to 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 State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.*

*Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 10.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2005, 2004 and 2003 were \$1,065,164, \$951,431 and \$828,055, respectively, equal to the required contributions for each year.*

### **(18) Subsequent Events.**

*In March 2006, the Board of Supervisors approved a resolution for Series 2006, \$6,000,000 General Obligation Refunding Bond Issue.*

REQUIRED SUPPLEMENTARY INFORMATION

**TUNICA COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule – Budget and Actual (Non-GAAP)

General Fund

September 30, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Property taxes	\$ 2,476,000	\$ 2,476,000	\$ 2,423,949	\$ -	\$ (52,051)
Licenses, commissions and other	1,198,700	1,298,700	999,213	100,000	(299,487)
Fines and forfeitures	620,000	636,000	479,732	16,000	(156,268)
Intergovernmental revenues	31,864,500	32,135,500	31,638,086	271,000	(497,414)
Charges for services	130,000	435,000	332,191	305,000	(102,809)
Interest income	10,000	15,000	11,287	5,000	(3,713)
Miscellaneous	182,000	910,000	845,668	728,000	(64,332)
<b>Total revenues</b>	<b>36,481,200</b>	<b>37,906,200</b>	<b>36,730,126</b>	<b>1,425,000</b>	<b>(1,176,074)</b>
<b>Expenditures</b>					
General government	6,842,134	8,558,134	8,384,575	(1,716,000)	173,559
Public safety	6,614,661	7,424,360	7,548,205	(809,699)	(123,845)
Public works	1,843,079	3,746,020	3,643,571	(1,902,941)	102,449
Health and welfare	890,555	1,395,155	1,385,155	(504,600)	10,000
Culture and recreation	5,188,169	8,503,269	8,104,896	(3,315,100)	398,373
Education	96,600	96,600	96,600	-	-
Conservation of natural resources	1,557,759	1,568,459	1,159,818	(10,700)	408,641
Economic development and assistance	9,266,488	5,705,688	5,602,720	3,560,800	102,968
<b>Debt service:</b>					
Principal	1,435,000	1,435,000	1,396,189	-	38,811
Interest	1,885,000	1,755,000	1,705,181	130,000	49,819
Bond Issue Costs	-	-	-	-	-
<b>Total expenditures</b>	<b>35,619,445</b>	<b>40,187,685</b>	<b>39,026,910</b>	<b>(4,568,240)</b>	<b>1,160,775</b>
Excess (deficiency) of revenues over (under) expenditures	861,755	(2,281,485)	(2,296,784)	(3,143,240)	(15,299)
<b>Other financing sources (uses)</b>					
Proceeds from sales of capital assets	-	25,000	24,403	25,000	(597)
Compensation for loss of capital assets	-	-	9,218	-	9,218
Transfer in	6,742,393	6,077,692	768,980	(664,701)	(5,308,712)
Transfer (out)	(8,864,148)	(5,764,148)	(768,980)	3,100,000	4,995,168
Lease proceeds	-	-	-	-	-
<b>Total other financing sources(uses)</b>	<b>(2,121,755)</b>	<b>338,544</b>	<b>33,621</b>	<b>2,460,299</b>	<b>(304,923)</b>
<b>Net changes in fund balances</b>	<b>(1,260,000)</b>	<b>(1,942,941)</b>	<b>(2,263,163)</b>	<b>(682,941)</b>	<b>(320,222)</b>
Fund balance - beginning of year	1,260,000	1,942,941	961,372	682,941	(981,569)
Fund balance - end of year	\$ -	\$ -	\$ (1,301,791)	\$ -	\$ (1,301,791)

**TUNICA COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule – Budget and Actual (Non-GAAP)

Airport Improvement Bond Fund

September 30, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, commissions and other	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest income	-	-	15,353	-	15,353
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>15,353</b>	<b>-</b>	<b>15,353</b>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	2,500,000	249,337	(2,500,000)	2,250,663
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-
Economic development and assistance	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>2,500,000</b>	<b>249,337</b>	<b>(2,500,000)</b>	<b>2,250,663</b>
Excess (deficiency) of revenues over (under) expenditures	-	(2,500,000)	(233,984)	(2,500,000)	2,266,016
Other financing sources (uses)					
Long-term debt issued	-	2,500,000	2,500,000	2,500,000	-
Proceeds from sales of capital assets	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer (out)	-	-	-	-	-
Lease proceeds	-	-	-	-	-
<b>Total other financing sources(uses)</b>	<b>-</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>2,266,016</b>	<b>-</b>	<b>2,266,016</b>
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 2,266,016	\$ -	\$ 2,266,016

**TUNICA COUNTY, MISSISSIPPI**

Budgetary Comparison Schedule – Budget and Actual (Non-GAAP)

Road Maintenance

September 30, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Road and bridge privilege tax	100,000	100,000	130,725	-	30,725
Licenses, commissions and other	-	-	-	-	-
Intergovernmental revenues	4,790,000	4,790,000	5,003,529	-	213,529
Charges for services	-	-	-	-	-
Interest income	60,000	60,000	43,655	-	(16,345)
Miscellaneous	20,000	20,000	321,054	-	301,054
<b>Total revenues</b>	<b>4,970,000</b>	<b>4,970,000</b>	<b>5,498,963</b>	<b>-</b>	<b>528,963</b>
<b>Expenditures</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	9,970,000	9,970,000	7,072,978	-	2,897,022
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-
Economic development and assistance	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
<b>Total expenditures</b>	<b>9,970,000</b>	<b>9,970,000</b>	<b>7,072,978</b>	<b>-</b>	<b>2,897,022</b>
Excess (deficiency) of revenues over (under) expenditures	(5,000,000)	(5,000,000)	(1,574,015)	-	3,425,985
<b>Other financing sources (uses)</b>					
Long-term debt issued	-	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-
Compensation for loss of capital assets	-	-	24,098	-	24,098
Transfer in	-	-	-	-	-
Transfer (out)	-	-	-	-	-
Lease proceeds	-	-	-	-	-
<b>Total other financing sources(uses)</b>	<b>-</b>	<b>-</b>	<b>24,098</b>	<b>-</b>	<b>24,098</b>
<b>Net changes in fund balances</b>	<b>(5,000,000)</b>	<b>(5,000,000)</b>	<b>(1,549,917)</b>	<b>-</b>	<b>3,450,083</b>
Fund balance - beginning of year	5,000,000	5,000,000	5,606,321	-	606,321
Fund balance - end of year	\$ -	\$ -	\$ 4,056,404	\$ -	\$ 4,056,404

**TUNICA COUNTY, MISSISSIPPI**

*Notes to the Required Supplementary Information  
For the Year Ended September 30, 2005*

*Notes to the Required Supplementary Information*

**A. Budgetary Information.**

*Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.*

*The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made*

**B. Basis of Presentation.**

*The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.*

**C. Budget/GAAP Reconciliation.**

*The major differences between the budgetary basis and the GAAP basis are:*

- 1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).*
- 2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).*

*The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:*

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to the Required Supplementary Information*  
*For the Year Ended September 30, 2005*

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Airport Improvement Bond Fund</u>	<u>Road Construction Fund</u>
<i>Budget (Cash Basis)</i>	\$ (2,263,163)	\$ 2,266,016	\$ (1,549,917)
<i>Increase (Decrease)</i>			
<i>Net adjustments for revenue accruals</i>	(151,685)		(960)
<i>Net adjustments for expenditure accruals</i>	1,131,312		(130,152)
	<hr/>	<hr/>	<hr/>
<i>GAAP Basis</i>	<u>\$ (1,283,536)</u>	<u>\$ 2,266,016</u>	<u>\$ (1,681,029)</u>

*D. Excess of Actual Expenditures Over Budget in Individual Funds.*

*The following funds had an excess of actual expenditures over budget for the year ended September 30, 2005:*

*Special Revenue Funds:*

<i>Home 2000 First Time</i>	\$ 64,000
<i>Volunteer Fire Protection</i>	4,006

*All the funds listed above are in violation of, Section 9-11-17, Miss. Code Ann. (1972). However, the county has no liability associated with these violations.*

SUPPLEMENTAL INFORMATION

**TUNICA COUNTY, MISSISSIPPI**  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2005

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
<u>U. S. Department of Transportation</u>			
Passed through Federal Aviation Administration			
Airport Improvement Program (Note B)	20.106	N/A	\$ 3,885,259
Total Expenditures of Major Federal Awards			3,885,259
<b>OTHER FEDERAL AWARDS</b>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Mississippi Development Authority:			
HOME Investment Partnerships Program	14.239	M00-SG-2801-0123	29,000
HOME Investment Partnerships Program	14.239	M98-SG-2801-0123	135,000
Total U. S. Department of Housing and Urban Development			164,000
<u>U.S. Department of Justice</u>			
Passed through Division of Public Safety Planning			
Juvenile Accountability Incentive Block Grants	16.523	2001-JB-BX-0028	4,552
Juvenile Accountability Incentive Block Grants	16.523	2002-JB-BX-0025	14,311
Total U.S Department of Justice			18,863
<u>U.S. Department of Health and Human Services</u>			
Social Services Block Grant - Adolescent Offenders Program	93.667	074V451	155,925
Total U.S Department of Health and Human Services			155,925
<u>U. S. Department of Transportation</u>			
Passed through Mississippi Department of Transportation			
Highway Planning and Construction	20.205	46-0009-05-012-10	25,400
Total U.S Department of Transportation			25,400
<u>U. S. Department of Homeland Security</u>			
Passed through Mississippi Emergency Management Agency			
State Domestic Preparedness Equipment Support Program	97.004	3SSG-3028	53,904
Emergency Management Performance Grant	97.042	5 EMP	3,101
Total U.S. Department of Homeland Security			57,005
Total Expenditures of Other Federal Awards			421,193
Total for All Federal Awards			\$ 4,306,452

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Airport Improvement Program

Of the federal expenditures presented in the schedule, federal awards totaling \$3,885,259 went directly to subrecipients during the year ended September 30, 2005, and are not reflected in the county's revenues/expenditures.

TUNICA COUNTY, MISSISSIPPI

SPECIAL REPORTS

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WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

*Members of the Board of Supervisors  
Tunica County, Mississippi*

*We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tunica County, Mississippi as of and for the year ended, September 30, 2005, and have issued our report thereon dated May 8, 2006. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. 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 Tunica County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the primary government financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Tunica County, Mississippi's ability to initiate, record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1, 2005-2, 2005-3.*

*A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting*

Continued...

would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable conditions described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tunica County, Mississippi's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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. However, we noted certain instances of noncompliance (or other matters) which we have reported to the management of Tunica County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated May 8, 2006, included within this document.

This report is intended solely for the information and use of management, 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.

*Williams, Pitts & Beard, PLLC*  
Williams, Pitts & Beard, PLLC  
Certified Public Accountants  
May 8, 2006



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

*Members of the Board of Supervisors  
Tunica County, Mississippi*

*Compliance*

*We have audited the compliance of the Tunica County 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 September 30, 2005. Tunica County, Mississippi's major federal program is 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 its major federal program is the responsibility of Tunica County, Mississippi's management. Our responsibility is to express an opinion on Tunica County, Mississippi'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 Tunica County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Tunica County's compliance with those requirements.*

*In our opinion, Tunica County, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.*

Continued....

Internal Control Over Compliance

*The management of Tunica County, Mississippi 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 Tunica County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.*

*Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.*

*This report is intended solely for the information and use of management, 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.*

*Williams, Pitts & Beard, PLLC*

*Williams, Pitts & Beard, PLLC  
Certified Public Accountants  
May 8, 2006*



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

*Members of the Board of Supervisors  
Tunica County, Mississippi*

*We have made a study and evaluation of the central purchasing system and inventory control system of Tunica County, Mississippi, as of and for the year ended September 30, 2005. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.*

*The Board of Supervisors of Tunica County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Tunica County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.*

*Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.*

*In our opinion, Tunica County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.*

*The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.*

*This report is intended for use in evaluating the central purchasing system and inventory control system of Tunica County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.*

*Williams, Pitts & Beard, PLLC*

*Williams, Pitts & Beard, PLLC  
Certified Public Accountants  
May 8, 2006*

TUNICA COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2005

Schedule 1

*Our test results did not identify any purchases from other than the lowest bidder.*

TUNICA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2005

Schedule 2

*Our test results did not identify any emergency purchases.*

TUNICA COUNTY  
Schedule of Purchases Made Noncompetively from a Sole Source  
For the Year Ended September 30, 2005

Schedule 3

*Our test results did not identify any purchases noncompetively from a sole source.*



## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

*Members of the Board of Supervisors  
Tunica County, Mississippi*

*In planning and performing our audit of the primary government financial statements of Tunica County, Mississippi for the year ended September 30, 2005, we considered Tunica County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the primary government financial statements and not to provide assurance on internal control.*

*In addition, for areas not considered material to Tunica County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 8, 2006, on the primary government financial statements of Tunica County, Mississippi.*

*These review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.*

*The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:*

### **Comptroller**

#### **1. Finding**

*Section 19-11-17, Miss. Code Ann. (1972), requires that no expenditures be made in excess of budget estimates. Expenditures for the Home 2000 First Time Fund and Volunteer Fire Protection Fund exceeded budget estimates.*

Continued...

Recommendation

*Controls should be established to ensure that the budget is revised when actual expenditures exceed budgeted estimates.*

Comptroller's Response

*Controls are in place to ensure the budget is revised when actual expenditures exceed budgeted estimates. We will monitor this more closely.*

2. Finding

*Section 71-5-359, Miss. Code Ann. (1972), requires that the county maintain a revolving unemployment fund in the amount of 2% of the first \$6,000 of wages paid to each employee during the last calendar year. As of the date of the audit report, no such account was maintained by the county.*

Recommendation

*The Comptroller should ensure that a special revenue account is set up as stated above, and funded by 2% of the first \$6,000 of wages paid to each employee during the calendar year.*

Comptroller's Response

*We have established the account and we will ensure it is adequately funded in the future.*

3. Finding

*Section 19-13-43 states that no warrant shall be signed nor delivered by the clerk until there is sufficient money in the fund upon which it is drawn. As of September 30, 2005, the General Fund, which shares a bank account with several other funds, had a negative cash balance of \$(3,094,955) requiring a year end auditor journal entry to transfer funds from the Road Department Fund.*

Recommendation

*The Comptroller should ensure that funds are sufficient in each fund before checks are released for payment.*

Comptroller's Response

*We will ensure sufficient funds are available before checks are released for payment.*

**Sheriff**

4. Finding

*Section 19-25-73, Miss Code Ann. (1972), limits the amount to be expended for feeding prisoners to six dollars per prisoner per day. As reported in prior year audit reports, the Sheriff exceeded the allowable amount. The current year's excess was \$0.46 per day.*

Continued...

Recommendation

*The Sheriff should ensure that costs to feed prisoners do not exceed six dollars a day.*

Sheriff's Response

*We will monitor this more closely in the future.*

**Circuit Court Clerk**

5. Finding

*The Mississippi County Financial Accounting Manual requires the Circuit Clerk judges to adopt a written policy outlining procedures for the court when delinquencies occur in payments of assessments, court costs and fines due by a defendant. As reported in prior year audit reports, there is no written policy.*

Recommendation

*The Circuit Clerk should consult with the Circuit Court judges or judge's administrators to arrive at a written policy concerning these procedures.*

Circuit Court Clerk's Response

*I will consult with the judges to adopt a written policy concerning these procedures.*

6. Finding

*Sections 9-1-43 and 9-1-45 require the Circuit Clerk to file an annual report with the Office of the State Auditor by April 15, 2006. As reported in the prior year audit report, that annual report has not been filed by the due date.*

Recommendation

*The Circuit Clerk should ensure that the Circuit Court's annual report is filed with the Office of the State Auditor by the 15<sup>th</sup> of April.*

Circuit Court Clerk's Response

*I will file the required report by the due date in the future.*

*This report is intended solely for the information and use of management, 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.*

*Williams, Pitts & Beard, PLLC*  
Williams, Pitts & Beard, PLLC  
Certified Public Accountants  
May 8, 2006

TUNICA COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TUNICA COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2005

Section 1: Summary of Auditor's Results

**Financial Statements:**

- (1) Type of auditor's report issued on the primary government financial statements: Unqualified
- (2) Material noncompliance relating to the primary government financial statements: No
- (3) Internal Control over financial reporting:
- (a) Material weakness (es) identified? No
- (b) Reportable condition(s) identified that are not considered to be material weaknesses? Yes

**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 (es) identified? No
- (b) Reportable condition(s) identified that are not considered to be material weaknesses? No
- (6) Any audit finding(s) reported as required by Section 510(a) of Circular A-133? No
- (7) Federal programs identified as a major program:
- Airport Improvements Program, CFDA #20.106*
- (8) The dollar threshold used to distinguish between type A and type B programs: \$300,000
- (9) Auditee qualified as a low-risk auditee? No
- (10) Prior fiscal year audit findings 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

TUNICA COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2005

Section 2: Financial Statement Findings

*Sheriff's Department*

2005-1 Finding

*We noted the following weaknesses in internal controls in the recording, reconciling and settlement functions:*

*Reconciliation of the jail bank account to the book balances were not performed on a timely basis.*

Recommendation

*The Sheriff should comply with the accounting system recommended in the Mississippi County Financial Accounting Manual.*

*Tax Collector's Office*

2005-2 Finding

*We noted the following weaknesses in internal controls in the recording function:*

*A fault was noted in the software used to record transactions. During a cash count, the vanity tag price of \$31 was printed on the tag receipt, but that amount was not printed on the day's activity report, showing an implied overage in the cash drawer. According to personnel, discrepancies like this happen often, and they have to search for them at the end of the day.*

Recommendation

*The county should correct programming errors immediately.*

*Controller's Office*

2005-3 Finding

*We noted the payroll bank account for September 2005 had not been reconciled as of the date of the audit report. The net reconciling items for this bank reconciliation would be immaterial to the financial statements as a whole.*

TUNICA COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2005

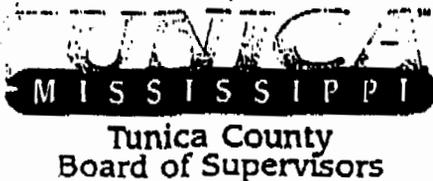
Recommendation

*The Controller should comply with the accounting system recommended in the Mississippi County Financial Accounting Manual.*

Section 3: Federal Award Findings and Questioned Costs

*The results of our tests did not disclose any findings and questioned costs related to federal awards.*

AUDITEE'S CORRECTIVE ACTION PLAN



## CORRECTIVE ACTION PLAN

May 11, 2006

Williams, Pitts and Beard, PLLC  
2018 McIngvaie  
Hernando, MS 38632

Gentlemen:

Tunica County respectfully submits the following corrective action plan for the year ended September 30, 2005.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

### SECTION 2: FINANCIAL STATEMENT FINDINGS

- 05-1 Corrective Action Planned:** The Comptroller will work with the Sheriff to ensure compliance with the accounting system prescribed in the Mississippi County Financial Accounting Manual.

**Anticipated Completion Date:** Immediately

**Name of Contact Person Responsible for Corrective Action:** K. C. Hamp, Tunica County Sheriff

- 05-2 Corrective Action Planned:** The Tax Collector has contacted the computer programmers to correct this problem. We will monitor it to ensure the corrections are made.

**Anticipated Completion Date:** Immediately

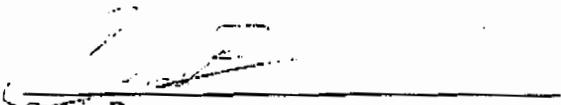
**Name of Contact Person Responsible for Corrective Action:** Betty Fields, Tunica County Tax Assessor/Collector

05-3 **Corrective Action Planned:** The payroll bank account is reconciled monthly and was reconciled as of the date of the audit report.

**Anticipated Completion Date:** Action already taken.

**Name of Contact Person Responsible for Corrective Action:** Clifton Johnson, Tunica County Administrator

Sincerely yours,

  
\_\_\_\_\_  
Cedric Burnett  
President