

**TUNICA COUNTY, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SPECIAL REPORTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**TUNICA COUNTY, MISSISSIPPI**

**ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2008**

**TABLE OF CONTENTS**

<b><i>Independent Auditor's Report</i></b> .....	<b>1</b>
<b><i>Management's Discussion and Analysis</i></b> .....	<b>3</b>
<b><i>Basic Government Financial Statements</i></b>	
<i>Statement of Net Assets</i> .....	9
<i>Statement of Activities</i> .....	10
<i>Balance Sheet – Governmental Funds</i> .....	11
<i>Reconciliation of Governmental Funds Balance Sheet to the</i> <i>Statement of Net Assets</i> .....	12
<i>Statement of Revenues, Expenditures and Changes in</i> <i>Fund Balances – Governmental Funds</i> .....	13
<i>Reconciliation of the Statement of Revenues,</i> <i>Expenditures and Changes in Fund Balances of</i> <i>Governmental Funds to the Statement of Activities</i> .....	14
<i>Statement of Net Assets – Proprietary Funds</i> .....	15
<i>Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds</i> .....	16
<i>Statement of Cash Flows – Proprietary Funds</i> .....	17
<i>Statement of Fiduciary Net Assets – Fiduciary Funds</i> .....	18
<i>Statement of Changes in Fiduciary Net Assets – Fiduciary Funds</i> .....	19
<i>Notes to Financial Statements</i> .....	20
<b><i>Required Supplementary Information:</i></b>	
<i>Budgetary Comparison Schedules – Budget and Actual (Non-GAAP Basis)</i> <i>General Fund</i> .....	38
<i>Road Maintenance Fund</i> .....	39
<i>Notes to the Required Supplementary Information</i> .....	40
<b><i>Supplemental Information:</i></b>	
<i>Schedule of Expenditures of Federal Awards</i> .....	42
<i>Combining Statement of Net Assets - Component Units</i> .....	43
<i>Combining Statement of Activities - Component Units</i> .....	44
<b><i>Special Reports:</i></b>	
<i>Independent Auditor's Report on Internal Control over Financial Reporting and on</i> <i>Compliance and Other Matters Based on an Audit of the Primary Government</i> <i>Financial Statements Performed in Accordance with Government Auditing Standards</i> .....	45
<i>Independent Auditor's Report on Compliance with Requirements Applicable to Each</i> <i>Major Program and Internal Control Over Compliance in Accordance with</i> <i>OMB Circular A-133</i> .....	47
<i>Independent Auditor's Report on Central Purchasing System, Inventory Control System</i> <i>and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))</i> .....	49
<i>Limited Internal Control and Compliance Review Management Report</i> .....	53
<b><i>Schedule of Findings and Questioned Costs</i></b> .....	<b>57</b>

TUNICA COUNTY

FINANCIAL SECTION



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
KRISTOPHER A. WHITTEN

2042 McIngvale Road, Suite A  
Hernando, MS 38632

(662) 429-4436  
FAX: (662) 429-4438  
www.williamsandpitts.com

## ***INDEPENDENT AUDITOR'S REPORT***

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

*We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tunica County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic 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 did not audit the financial statements of Tunica County Museum, Inc., Tunica County Utility District, Tunica County Public Projects, Inc., Tunica County Tourism Commission, component units, which represent 57.60 percent, 45.34 percent, and 55.08 percent, respectively, of the assets, net assets, and revenues of the component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the aforementioned component units is based on the reports of the other auditors.*

*Except as discussed in the following paragraph, 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 of Tunica County Arena and Exposition Center have not been audited, and we were not engaged to audit the Tunica County Arena and Exposition Center financial statements as part of our audit of the county's basic financial statements. The Tunica County Arena and Exposition Center financial activities are included in the county's basic financial statements as a discretely presented component unit and represent .03 percent of assets, .04 percent of net assets and 3.37 percent of revenues, of the county's aggregate discretely presented component units.*

Continued

Page 2

*In our opinion, based on the reports of other auditors and except for the effects of such adjustments, as might have been determined to be necessary had the Tunica County Arena and Exposition Center been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for Tunica County, Mississippi, as of September 30, 2008, and the changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.*

*In addition, 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 Tunica County, Mississippi, as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.*

*In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2009 on our consideration of the Tunica County, Mississippi'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 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 29, 2009

TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE LEFT BLANK INTENTIONALLY

## **TUNICA COUNTY, MISSISSIPPI**

### *Management's Discussion and Analysis*

*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, 2008. 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 an 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 (\$3,630,235) which represents a 2.20% decrease from fiscal year 2007.*
- *General revenues account for \$41,073,009 in revenue, or 91% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,164,033 or 9.2% of total revenues.*
- *The County had \$48,867,277 in expenses; only \$4,164,033 of these expenses were offset by program specific charges for services, grants and contributions.*
- *Among major funds, the General Fund had \$38,305,861 in revenues and \$40,671,965 in expenditures. The General Fund's fund balance decreased (\$2,326,038) from the prior year.*

#### **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*

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

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 9-10 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 12 and 14, 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 11-14 of this report.

**Proprietary fund.** The proprietary fund is maintained in two ways. The Internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The county uses an internal service fund to account for its self-funded health insurance plan for county employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

*Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail. The self-funded health insurance fund is considered to be a major fund of the County. The proprietary fund financial statements can be found on pages 15-17.*

***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 20-37 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 38-41 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 \$154,330,767 as of September 30, 2008.*

*By far the largest portion of the County's net assets (91%) 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.*

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

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2008:

	<u>2008</u>	<u>2007</u>
Current assets	\$ 18,064,487	\$ 20,389,055
Capital assets, net	<u>176,715,431</u>	<u>178,861,240</u>
<b>Total assets</b>	<u>194,779,918</u>	<u>199,250,295</u>
Current liabilities	6,389,590	7,655,154
Long-term debt outstanding	<u>34,059,561</u>	<u>33,872,809</u>
<b>Total liabilities</b>	<u>\$40,449,151</u>	<u>41,527,963</u>
<b>Net assets:</b>		
Invested in capital assets, net	144,003,711	144,650,039
Restricted	5,637,654	5,925,776
Unrestricted	<u>4,689,402</u>	<u>7,146,517</u>
<b>Total net assets</b>	<u>\$154,330,767</u>	<u>\$ 157,722,332</u>

**Changes in net assets.** The County's total revenues for the fiscal year ended September 30, 2008 were \$45,237,042. The total cost of all programs and services was \$48,867,277. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2008.

	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>		
Program revenues	\$ 4,164,033	\$ 12,521,903
General revenues	<u>41,073,009</u>	<u>44,225,042</u>
<b>Total revenues</b>	<u>45,237,042</u>	<u>56,746,945</u>
<b>Expenses:</b>		
General Government	9,485,501	10,590,346
Public Safety	10,621,256	9,758,573
Public Works	10,914,730	8,304,781
Health & Welfare	2,940,743	2,148,977
Culture & Recreation	9,321,322	8,587,605
Education	107,516	94,105
Conservation of Natural Resources	1,056,546	1,358,347
Economic Development	2,851,499	2,197,703
Interest and other expenses on Long-term debt	<u>1,568,164</u>	<u>1,698,627</u>
<b>Total expenses</b>	<u>48,867,277</u>	<u>44,739,064</u>
<b>Increase (decrease) in net assets</b>	<u>(\$ 3,630,235)</u>	<u>\$ 12,007,881</u>

**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

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

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.

	2008	2008	2007	2007
	<u>Total</u>	<u>Net (Expense)</u>	<u>Total</u>	<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>
General government	\$ 9,485,501	\$ (6,692,106)	\$ 10,590,346	\$ (8,801,845)
Public safety	10,621,256	(9,474,478)	9,758,573	(9,088,248)
Public works	10,914,730	(10,690,870)	8,304,781	1,730,917
Health and welfare	2,940,743	(2,940,743)	2,148,977	(2,148,977)
Culture and recreation	9,321,322	(9,321,322)	8,587,605	(8,587,605)
Education	107,516	(107,516)	94,105	(94,105)
Conservation of natural resources	1,056,546	(1,056,546)	1,358,347	(1,358,347)
Economic development and assistance	2,851,499	(2,851,499)	2,197,703	(2,170,324)
Interest and other expenses on long-term debt	1,568,164	(1,568,164)	1,698,627	(1,698,627)
<b>Total expenses</b>	<u>\$48,867,277</u>	<u>\$(44,703,244)</u>	<u>\$ 44,739,064</u>	<u>\$(32,217,161)</u>

Net cost of governmental activities \$(44,703,244) was financed by general revenue, which is made up of primarily property taxes \$3,365,580 and state and federal revenue \$35,632,476.

- Investment earnings accounted for \$282,126 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 \$9,390,899, a decrease of \$(2,955,981). \$7,735,509 or 63% 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 \$(2,326,038) a result of an increase in expenditures.

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

**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, 2008, the County's total capital assets were \$176,715,431, including county buildings, improvements other than buildings, other county vehicles, furniture, and equipment.*

*This amount represents a decrease of \$(2,145,809). Total accumulated depreciation as of September 30, 2008 was \$76,380,265 and total depreciation expense for the year was \$7,283,736.*

*Additional information on the County's capital assets can be found in Note 6 of this report.*

**Debt Administration.** *At September 30, 2008, the County had \$34,059,561 in long-term debt outstanding, of which \$1,617,716 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 9 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 10 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**

## FINANCIAL STATEMENTS

**TUNICA COUNTY, MISSISSIPPI**  
*Statement of Net Assets*  
*September 30, 2008*

**Exhibit 1**

	Governmental Activities	Component Units
<b>ASSETS</b>		
Cash	\$ 6,428,793	\$ 3,205,574
Cash with fiscal agent	1,566,570	-
Property tax receivable	3,399,651	-
Accounts receivable (net of allowance for uncollectibles of \$205,505)	251,172	-
Fines receivable (net of allowance for uncollectibles of \$916,007)	929,415	-
Intergovernmental receivables	3,879,362	753,495
Other receivables	63,604	923,949
Internal balances	324,912	-
Debt issuance costs	1,221,008	260,805
Inventories and prepaid items	-	592,518
Restricted assets	-	3,332,700
Capital assets:		
Land and construction in progress	8,920,305	-
Other capital assets, net	167,795,126	89,365,703
Total assets	194,779,918	98,434,744
<b>LIABILITIES</b>		
Claims and judgments payable	2,234,154	1,965,019
Intergovernmental payables	343,107	-
Accrued interest payable	412,678	-
Deferred revenue	3,399,651	501,659
Other payables	-	70,621
Long-term liabilities		
Due within one year:		
Capital debt	1,617,716	1,160,520
Due in more than one year:		
Capital debt	31,735,868	19,110,563
Bond premium	229,246	-
Bond discounts	(62,780)	-
Non-capital debt	539,511	-
Total liabilities	40,449,151	22,808,382
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	144,003,711	67,614,333
Restricted net assets:		
Expendable:		
Public safety	198,995	-
Public works	3,237,016	-
Unemployment compensation	87,463	-
Other purposes	2,114,180	4,087,018
Unrestricted	4,689,402	3,925,011
Total Net Assets	\$ 154,330,767	\$ 75,626,362

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

**TUNICA COUNTY, MISSISSIPPI**  
**Statement of Activities**  
**Year Ended September 30, 2008**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Component
		Charges for	Operating	Capital	Revenue and	
		Services	Grants and	Grants and	Changes in	Units
			Contributions	Contributions	Net Assets	
					Primary Government	
					Governmental	
					Activities	
Primary government:						
Governmental activities						
General government	\$ 9,485,501	\$ 2,793,395	\$ -	\$ -	\$ (6,692,106)	\$ -
Public safety	10,621,256	393,113	753,665	-	(9,474,478)	-
Public works	10,914,730	-	-	223,860	(10,690,870)	-
Health and welfare	2,940,743	-	-	-	(2,940,743)	-
Culture and recreation	9,321,322	-	-	-	(9,321,322)	-
Education	107,516	-	-	-	(107,516)	-
Conservation of natural resources	1,056,546	-	-	-	(1,056,546)	-
Economic development and assistance	2,851,499	-	-	-	(2,851,499)	-
Interest on long-term debt	1,568,164	-	-	-	(1,568,164)	-
Total governmental activities	<u>\$ 48,867,277</u>	<u>\$ 3,186,508</u>	<u>\$ 753,665</u>	<u>\$ 223,860</u>	<u>\$ (44,703,244)</u>	<u>\$ -</u>
Component units:						
Museum	\$ 467,755	\$ -	\$ -	\$ -	\$ -	\$ (467,755)
Airport Commission	6,207,898	3,420,677	(1,103,945)	6,459,038	-	2,567,872
Utility District	7,717,895	3,125,647	-	-	-	(4,592,248)
Arena and Expo Center	916,925	277,149	-	-	-	(639,776)
Public Projects	2,814,194	1,445,436	-	-	-	(1,368,758)
Tourism Commission	4,121,194	552,000	50,000	-	-	(3,519,194)
Total component units	<u>\$ 22,245,861</u>	<u>\$ 8,820,909</u>	<u>\$ (1,053,945)</u>	<u>\$ 6,459,038</u>	<u>\$ -</u>	<u>\$ (8,019,859)</u>
General revenues						
Taxes					3,365,580	4,007,031
Road and bridge privilege taxes					138,335	-
Grants and contributions not restricted to specific programs					35,632,476	5,524,027
Unrestricted investment income					282,126	137,412
Miscellaneous					1,654,492	2,470,438
Total general revenues					<u>41,073,009</u>	<u>12,138,908</u>
Changes in Net Assets					<u>(3,630,235)</u>	<u>4,119,049</u>
Net Assets - Beginning					157,722,332	71,975,037
Prior period adjustment					238,670	(467,724)
Net Assets-as restated					<u>157,961,002</u>	<u>71,507,313</u>
Net Assets-Ending					<u>\$ 154,330,767</u>	<u>\$ 75,626,362</u>

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

**TUNICA COUNTY, MISSISSIPPI**  
*Balance Sheet*  
*Governmental Funds*  
*September 30, 2008*

**Exhibit 3**

	General	Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 2,577,219	\$ 3,130,471	\$ 306,127	\$ 6,013,817
Cash with fiscal agent	1,566,570	-	-	1,566,570
Property tax receivable	2,420,092	-	979,560	3,399,652
Accounts receivable (net of allowance for uncollectibles of \$205,505)	251,172	-	-	251,172
Fines receivable (net of allowance for uncollectibles of \$916,007)	929,415	-	-	929,415
Intergovernmental receivables	3,503,179	376,183	-	3,879,362
Other receivables	63,604	-	-	63,604
Due from other funds	-	9,982	284	10,266
<b>Total Assets</b>	<b>\$ 11,311,251</b>	<b>\$ 3,516,636</b>	<b>\$ 1,285,971</b>	<b>\$ 16,113,858</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Claims payable	\$ 1,742,303	\$ 279,620	\$ 18,596	\$ 2,040,519
Intergovernmental payables	343,107	-	-	343,107
Due to other funds	10,266	-	-	10,266
Deferred revenue	3,349,507	-	979,560	4,329,067
<b>Total Liabilities</b>	<b>5,445,183</b>	<b>279,620</b>	<b>998,156</b>	<b>6,722,959</b>
Reserved for:				
Unemployment compensation	-	-	87,463	87,463
Law library	-	-	1,357	1,357
Reserve per bond agreement	1,566,570	-	-	1,566,570
Unreserved, reported in:				
General Fund	4,299,498	-	-	4,299,498
Special Revenue Funds	-	3,237,016	198,995	3,436,011
<b>Total Fund Balances</b>	<b>5,866,068</b>	<b>3,237,016</b>	<b>287,815</b>	<b>9,390,899</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,311,251</b>	<b>\$ 3,516,636</b>	<b>\$ 1,285,971</b>	<b>\$ 16,113,858</b>

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

**TUNICA COUNTY, MISSISSIPPI**  
*Reconciliation of Governmental Funds Balance Sheet  
 To the Statement of Net Assets  
 September 30, 2008*

**Exhibit 3-1**

<b>Total Fund Balance - Governmental Funds</b>	\$ 9,390,899
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$76,380,265.	176,715,431
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 \$964,810 (the total receivable) and \$35,395 (the amount accrued for current fines receivable.)	929,415
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,221,008
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(34,059,561)
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	(412,678)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>546,253</u>
<b>Total Net Assets - Governmental Activities</b>	<u><u>\$ 154,330,767</u></u>

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

**TUNICA COUNTY, MISSISSIPPI****Exhibit 4***Statement of Revenues, Expenditures and Changes in Fund Balances**Governmental Funds**Year ended September 30, 2008*

	General	Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 2,373,427	\$ 6,163	\$ 985,990	\$ 3,365,580
Road and bridge privilege taxes	-	138,335	-	138,335
Licenses, commissions and other revenue	2,345,375	-	46,826	2,392,201
Fines and forfeitures	436,588	-	-	436,588
Intergovernmental revenues	31,560,607	4,708,019	341,376	36,610,002
Charges for services	274,049	-	119,065	393,114
Interest income	200,905	81,220	-	282,125
Miscellaneous revenues	1,114,910	180,115	42,637	1,337,662
<b>Total Revenues</b>	<b>38,305,861</b>	<b>5,113,852</b>	<b>1,535,894</b>	<b>44,955,607</b>
<b>EXPENDITURES</b>				
General government	9,157,509	-	38,254	9,195,763
Public safety	9,510,953	-	1,184,855	10,695,808
Public works	3,997,867	5,636,376	722,135	10,356,378
Health and welfare	2,806,700	-	-	2,806,700
Culture and recreation	8,074,713	-	-	8,074,713
Education	107,516	-	-	107,516
Conservation of natural resources	1,057,658	-	-	1,057,658
Economic development and assistance	2,835,119	-	14,318	2,849,437
Debt service:				
Principal	1,539,981	-	-	1,539,981
Interest	1,391,449	-	136,214	1,527,663
Bond issue costs	192,500	-	-	192,500
<b>Total Expenditures</b>	<b>40,671,965</b>	<b>5,636,376</b>	<b>2,095,776</b>	<b>48,404,117</b>
Excess of Revenues over (under) Expenditures	(2,366,104)	(522,524)	(559,882)	(3,448,510)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	13,439	-	-	13,439
Proceeds from debt	192,500	-	-	192,500
Compensation for loss of capital assets	47,920	-	-	47,920
Transfer in	-	-	213,793	213,793
Transfer (out)	(213,793)	-	-	(213,793)
<b>Total Other Financing Sources and Uses</b>	<b>40,066</b>	<b>-</b>	<b>213,793</b>	<b>253,859</b>
Net change in fund balances	(2,326,038)	(522,524)	(346,089)	(3,194,651)
Fund Balances - Beginning	7,953,436	3,759,540	633,904	12,346,880
Prior period adjustment	238,670	-	-	238,670
Fund Balances - Beginning (as restated)	8,192,106	3,759,540	633,904	12,585,550
Fund balances - Ending	\$ 5,866,068	\$ 3,237,016	\$ 287,815	\$ 9,390,899

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

**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, 2008*

**Net Changes in Fund Balances - Governmental Funds (Exhibit 4)** \$ (3,194,651)

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 depreciation of \$7,283,736 exceeded capital outlays of \$5,759,189 (less completed construction \$310,996). (1,835,543)

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 \$323,705 and the proceeds from the sale of \$13,439 in the current period. (310,266)

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. (35,395)

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 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 payments of \$1,539,981 exceeded debt proceeds of \$192,500. 1,347,481

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	121,395
Bond premium amortization	13,572
Discount on bonds	(3,588)
Compensated absences	(9,331)
Accrued interest on loans	20,621

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities. 255,470

**Change in Net Assets of Governmental Activities (Exhibit 2)** \$ (3,630,235)

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

**TUNICA COUNTY, MISSISSIPPI**  
*Statement of Net Assets*  
*Proprietary Funds*  
*Year Ended September 30, 2008*

**Exhibit 5**

	Govt. Acct. Internal Service Fund
	<u>                    </u>
ASSETS	
Cash	\$ 414,978
Due from other funds	<u>324,912</u>
Total assets	<u><u>\$ 739,890</u></u>
LIABILITIES	
Claims and judgments liability	<u>\$ 193,637</u>
Total liabilities	<u><u>\$ 193,637</u></u>
NET ASSETS	
Restricted for health insurance	<u>\$ 546,253</u>
Total Net Assets	<u><u>\$ 546,253</u></u>

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

**TUNICA COUNTY, MISSISSIPPI**

*Statement of Revenues, Expenses and Changes in Fund Net Assets*

*Proprietary Funds*

*Year Ended September 30, 2008*

**Exhibit 6**

	Govt. Acct. Internal Service Fund
Operating Revenues	<u>                    </u>
Premiums	\$ 2,757,989
Total operating revenues	<u>2,757,989</u>
Operating Expenses	
Claims payments	1,869,442
Insurance premiums	633,077
Total operating expenses	<u>2,502,519</u>
Operating Income (Loss)	<u>255,470</u>
Changes in net assets	255,470
Net Assets - Beginning	<u>290,783</u>
Net Assets -Ending	<u>\$ 546,253</u>

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

**TUNICA COUNTY, MISSISSIPPI**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*Year Ended September 30, 2008*

**Exhibit 7**

	Govt. Acct. Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 2,848,055
Payments for claims	(1,800,000)
Payments for group insurance	<u>(633,077)</u>
Net Cash Provided (Used) by Operating Activities	<u>414,978</u>
Net Increase (Decrease) in Cash and Cash Equivalents	414,978
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 414,978</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating income (loss)	<u>\$ 255,470</u>
Adjustments to reconcile operating income to net	
cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other funds	90,066
Increase (decrease) in claims and judgments liability	<u>69,442</u>
Total adjustments	<u>159,508</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 414,978</u></u>

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

**TUNICA COUNTY, MISSISSIPPI**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*Year Ended September 30, 2008*

**Exhibit 8**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ 30,310	\$ 1,362,812
Other receivables	-	3,954
	<u>30,310</u>	<u>1,366,766</u>
Total Assets	<u>\$ 30,310</u>	<u>\$ 1,366,766</u>
<b>LIABILITIES</b>		
Amounts held in custody for others	\$ -	\$ 19,568
Intergovernmental payables	-	1,022,286
Due to other funds	-	324,912
	<u>-</u>	<u>1,366,766</u>
Total Liabilities	<u>-</u>	<u>\$ 1,366,766</u>
<b>NET ASSETS</b>		
Held in trust for:		
Individuals, organizations, and other governments	30,310	
Total net assets	<u>\$ 30,310</u>	

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

**TUNICA COUNTY, MISSISSIPPI**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*Year Ended September 30, 2008*

**Exhibit 9**

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

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

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

**(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.*

*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. Individual Component Unit Disclosures:**

*Blended Component Units*

*Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit balances and transactions are blended with the balances and transactions of the primary government:*

*Tunica County Healthcare Authority*

*Discretely Presented Component Units*

*The component units' columns in the financial statements include the financial data of the following component units of the county. They are reported in a separate column to emphasize that they are legally separate from the county. A majority of the members of the governing bodies of these component units are appointed by the county Board of Supervisors*

*Tunica County, Mississippi reports the following discretely presented component units. Complete financial statements for these component units can be obtained through the Tunica County Board of Supervisors, Tunica, Mississippi.*

- *Tunica County Utility District*, formerly Robinsonville-Commerce Utility District, is a body politic organized pursuant to the provisions of House Bill No. 1707. Its purpose

## **TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

is to provide water and sewer or fire protection to the district. House Bill 1870 authorized the district to levy ad valorem taxes for any bonds issued by the district.

- Tunica County Museum, Inc. is a non-profit corporation under IRC Section 501(c)3 organized to preserve and enrich the cultural and historic awareness of the citizens and visitors to Tunica County. Tunica County has agreed to provide an amount equal to the avails to two mils for calendar years 2000-2007 and 1.5 mils for 2008-2012.
- Tunica County Arena and Exposition Center, Inc. is a MS not-for-profit corporation funded by the county under House Bill 1621. Tunica County Arena and Exposition Center, Inc. is a Mississippi nonprofit corporation formed to operate Battle Arena.
- Tunica County Tourism Commission is a body politic created pursuant to House Bill 1691 to promote conventions and tourism within Tunica County. It is governed by a six commissioners, five of whom are appointed by the Board of Supervisors of Tunica County and one appointed by the Town of Tunica. The organization is funded by a three percent tourism tax imposed by Tunica County on the gross proceeds of certain sales by bars, restaurants, and room rentals by hotels.
- Tunica County Airport Commission was established in 1960 under Municipal Airport Law Section 61-5-1 and operates a general aviation airport in Tunica County, Mississippi. It is governed by five commissioners, four of whom are appointed by the Board of Supervisors of Tunica County and one appointed by the Town of Tunica. Funding is provided by Tunica County and significant federal grants.
- Tunica County Public Projects, Inc. is a Mississippi nonprofit corporation formed to operate and lease the Tunica National Golf and Tennis Complex and to promote and support economic development and tourism in and for Tunica County Mississippi. Activities include the operation of the Golf and Tennis Complex and River Park Gift Shop. It is primarily funded by memberships, fees, and concession sales, with the County funding any shortfall authorized by House Bill 1621.

### C. 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 government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenue. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## **TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

*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 and 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each 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/expenses. 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.*

### **D. Measurement Focus and Basis of Accounting.**

*The Government-wide, Proprietary Funds, and Fiduciary Funds (excluding agency funds) 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. Agency funds have no measurement focus, but use the accrual basis of accounting.*

*The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.*

*The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.*

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

*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.*

*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.*

*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.*

**PROPRIETARY FUND TYPES**

*Internal Service Fund - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The county's internal service fund reports on self-insurance programs for employee medical benefits.*

**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.*

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

*E. 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.*

*F. 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.*

*G. Receivables.*

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

*H. 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. Any outstanding balances between the governmental activities and business type activities are reported in the government wide financial statements as "internal balances."*

*I. Restricted Assets*

*Proprietary Fund and 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.*

*J. 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*

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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. 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 and estimated useful lives.

	<u>Capitalization</u> <u>Policy</u>	<u>Estimated</u> <u>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.

**K. 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. Bonds 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.

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

*L. 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."*

*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.*

*M. 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.*

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

**N. 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.

**O. 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. 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.

**(2) Prior Period Adjustments.**

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1. To record Tunica Clinics, a blended component unit that was omitted in prior year.	\$ 238,670
Total prior period adjustment	<u>\$ 238,670</u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances.

<u>Explanation</u>	<u>Amount</u>
1. To record Tunica Clinics, a blended component unit that was omitted in prior year.	\$ 238,670
Total prior period adjustment	<u>\$ 238,670</u>

**(3) Deposits and Investments.**

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$7,821,915, and the bank balance was \$8,475,800. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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 (FDIC).

*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.

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

The following is a summary of interfund balances at September 30, 2008:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Maintenance Fund	General Fund	\$ 9,982
Other Governmental Funds	General Fund	284
		<u>\$ 10,266</u>

This was for settlement of September tax receipts. All interfund balances are expected to be repaid within one year from the date of the financial statement.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General	\$ 213,793
Total		<u>\$ 213,793</u>

The transfers from Other Governmental Funds to General Fund were to cover operating expenses of those funds.

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

**(5) Intergovernmental Receivables.**

Intergovernmental receivables at September 30, 2008 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gaming Revenue (September)	\$ 3,218,942
Federal Grants	660,420
Total Governmental Activities	<u>\$ 3,879,362</u>

**(6) Capital Assets.**

The following is a summary of capital assets activity for the year ended September 30, 2008:

	<u>Balance at 9/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 9/30/2008</u>
<i>Governmental Activities</i>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 5,996,841	\$ 60,467	\$ 38,250	\$ 6,019,058
Construction in progress	637,712	2,574,531	310,996	2,901,247
Total non-depreciable capital assets	<u>6,634,553</u>	<u>2,634,998</u>	<u>349,246</u>	<u>8,920,305</u>
<u>Depreciable capital assets:</u>				
Infrastructure	119,596,633	1,465,830	-	121,062,463
Buildings and improvements	88,928,077	-	-	88,928,077
Improvements other than buildings	20,809,882	378,481	21,198	21,167,165
Mobile equipment	8,984,481	1,035,873	658,807	9,361,547
Furniture and equipment	3,616,601	244,007	204,469	3,656,139
Total depreciable capital assets	<u>241,935,674</u>	<u>3,124,191</u>	<u>884,474</u>	<u>244,175,391</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	48,508,610	3,720,259	-	52,228,869
Buildings and improvements	10,160,882	1,774,466	-	11,935,348
Improvements other than buildings	2,990,000	841,894	3,963	3,827,931
Mobile equipment	5,170,412	725,439	450,866	5,444,985
Furniture and equipment	2,879,083	221,678	157,629	2,943,132
Total accumulated depreciation	<u>69,708,987</u>	<u>7,283,736</u>	<u>612,458</u>	<u>76,380,265</u>
Total depreciable capital assets, net	<u>172,226,687</u>	<u>(4,159,545)</u>	<u>272,016</u>	<u>167,795,126</u>
Governmental activities capital assets, net	<u>\$ 178,861,240</u>	<u>\$ (1,524,547)</u>	<u>\$ 621,262</u>	<u>\$ 176,715,431</u>

The discretely presented component units' fixed assets including infrastructure, buildings and improvements, mobile equipment, furniture and equipment have a net book value of \$89.3 million.

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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

Governmental Activities:	Amount
General government	\$ 373,177
Public safety	384,282
Public works	4,266,384
Health and welfare	112,528
Culture and recreation	2,145,303
Economic development and assistance	2,062
Total governmental activities depreciation expense	<u>\$ 7,283,736</u>

Commitments with respect to unfinished capital projects at September 30, 2008, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Casino Strip Resort Blvd Ext & Kirby Road	\$ 16,444	November 2008
Arkabutla Dam Road Project	22,139	March 2009
Arena & Expo Center HVAC Project	97,417	September 2009

**(7) 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 \$1,000,000 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, 2008, to January 1, 2009. 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 is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in July 2006 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the county established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. The Tunica County Board of Supervisors has extended coverage to the employees of the Tunica County Tourism Commission

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Tunica County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The county has a minimum uninsured risk retention for all participating entities, including Tunica County, to the extent that actual claims submitted exceed the

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

predetermined premiums. The county has implemented the following plans to minimize this potential loss:

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. 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, and the aggregate policy covers all submitted claims in excess of \$2,517,724.

Claims expenditures 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). At September 30, 2008, the amount of these liabilities was \$193,637. An analysis of claims activities is presented below:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2006-2007	\$ 125,650	1,798,545	1,800,000	\$ 124,195
2007-2008	\$ 124,195	1,869,442	1,800,000	\$ 193,637

**(8) Operating Leases.**

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$70,022 for the year ended September 30, 2008. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2009	\$ 66,572
2010	66,572
2011	66,572
2012	66,572
2013	66,572
2014 - 2016	<u>27,738</u>
Total Minimum Payments Required	<u>\$ 360,598</u>

**TUNICA COUNTY, MISSISSIPPI**  
*Notes to Financial Statements*  
*Year Ended September 30, 2008*

*As Lessee:*

*The county has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$2,500 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows:*

<u><i>Year Ended September 30</i></u>	<u><i>Amount</i></u>
2009	\$ 500
2010	500
2011	500
2012	500
2013	500
2014 - 2016	<u>2,500</u>
<i>Total Minimum Payments Required</i>	<u><u>\$ 5,000</u></u>

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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

Debt outstanding as of September 30, 2008, consisted of the following:

<i>Description and Purpose</i>	<i>Amount Outstanding</i>	<i>Interest Rate</i>	<i>Maturity Date</i>
<i>Governmental Activities</i>			
<b>A. General Obligation Bonds:</b>			
<i>Mississippi Development Bank Special Obligation Bonds, Series 2003 (Tunica County, Mississippi General Obligation Public Improvement Bond Project)</i>	<i>\$ 10,390,000</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>9,095,000</i>	<i>variable</i>	<i>09/2023</i>
<i>First Security Bank General Obligation Airport Improvement Bonds Series 2005</i>	<i>2,255,000</i>	<i>3.6 - 5.125%</i>	<i>05/2025</i>
<i>Mississippi Development Bank Special Obligation Bonds, Series 2006 (Tunica County, Mississippi General Obligation Refunding Bond Project)</i>	<i>5,385,000</i>	<i>5.0 - 5.35%</i>	<i>07/2026</i>
<i>Total General Obligation Bonds</i>	<i><u>\$ 27,125,000</u></i>		
<b>B. Other Loans:</b>			
<i>Water improvements CAP loan</i>	<i>\$ 240,362</i>	<i>4%</i>	<i>09/2012</i>
<i>Capital projects promissary note</i>	<i>188,222</i>	<i>variable</i>	<i>05/2023</i>
<i>Mississippi recreational facilities</i>	<i>5,800,000</i>	<i>variable</i>	<i>09/2023</i>
<i>Total Other Loans</i>	<i><u>\$ 6,228,584</u></i>		

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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

*Governmental Activities:*

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,275,000	\$ 1,212,476	\$ 342,716	\$ 234,291
2010	1,335,000	1,152,564	354,787	219,733
2011	1,400,000	1,095,892	372,346	204,835
2012	1,460,000	1,034,064	388,039	190,462
2013	1,525,000	967,833	341,552	176,694
2014 - 2018	8,675,000	3,770,437	1,963,956	706,729
2019 - 2023	8,940,000	1,696,233	2,465,190	302,145
2024 - 2028	2,515,000	172,174	-	-
<i>Total</i>	<u>\$ 27,125,000</u>	<u>\$ 11,101,673</u>	<u>\$ 6,228,584</u>	<u>\$ 2,034,889</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, 2008, the amount of outstanding debt was equal to 12.95% of the latest property assessment.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2008:

	<u>Balance at 9/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 9/30/2008</u>	<u>Amounts Due Within One Year</u>
<i>Governmental Activities:</i>					
<i>Bonds payable:</i>					
General obligation	\$ 28,345,000	\$ -	\$ 1,220,000	\$ 27,125,000	\$ 1,275,000
<i>Plus deferred amounts:</i>					
Bond premium	242,818	-	13,572	229,246	-
Bond discounts	(66,368)	-	(3,588)	(62,780)	-
Other loans	6,356,065	192,500	319,981	6,228,584	342,716
Compensated absences	530,180	17,323	7,992	539,511	-
<i>Total</i>	<u>\$ 35,407,695</u>	<u>\$ 209,823</u>	<u>\$ 1,557,957</u>	<u>\$ 34,059,561</u>	<u>\$ 1,617,716</u>

Claims and judgments were deleted from the long-term debt schedule, as they are usually considered a short-term liability.

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

**(10) 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.

**(11) 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, 2008</u>
Tax increment financing bonds	\$ <u>850,000</u>

**(12) 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 \$289,017. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

## **TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

### **(13) 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 \$273,392 for support for the district in fiscal year 2008.*

*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 \$326,180 for support of the district in the fiscal year 2008.*

*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 \$405,961 for maintenance and support of the college in the fiscal year 2008.*

*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 \$318,253 for maintenance and support of the college in the fiscal year 2008.*

*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 \$432,936 for support of the agency in fiscal year 2008.*

*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 \$75,000 for support of the center in fiscal year 2008.*

### **(14) 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.*

**TUNICA COUNTY, MISSISSIPPI**

Notes to Financial Statements

Year Ended September 30, 2008

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 rate at September 30, 2008 was 11.85% 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, 2008, 2007 and 2006 were \$1,523,746, \$1,434,714, and \$1,330,847, respectively, equal to the required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

**TUNICA COUNTY, MISSISSIPPI**

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

*General Fund*

*September 30, 2008*

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues</b>					
Property taxes	\$ 2,364,257	\$ 2,364,257	\$ 2,372,702	\$ -	\$ 8,445
Licenses, commissions and other revenue	1,641,550	1,762,100	1,790,837	120,550	28,737
Fines and forfeitures	405,000	405,580	436,588	580	31,008
Intergovernmental revenues	31,246,963	31,882,979	31,842,509	636,016	(40,470)
Charges for services	230,000	286,073	268,368	56,073	(17,705)
Interest income	20,000	172,748	146,396	152,748	(26,352)
Miscellaneous revenues	878,000	1,054,178	1,114,910	176,178	60,732
<b>Total revenues</b>	<b>36,785,770</b>	<b>37,927,915</b>	<b>37,972,310</b>	<b>1,142,145</b>	<b>44,395</b>
<b>Expenditures</b>					
General government	8,380,529	9,277,953	9,178,901	(897,424)	99,052
Public safety	7,744,999	9,524,124	9,368,260	(1,779,125)	155,864
Public works	2,943,025	4,002,005	3,991,889	(1,058,980)	10,116
Health and welfare	2,466,504	2,526,485	2,447,197	(59,981)	79,288
Culture and recreation	7,841,400	8,393,672	7,968,396	(552,272)	425,276
Education	107,516	107,516	107,516	-	-
Conservation of natural resources	1,315,678	1,282,918	1,261,653	32,760	21,265
Economic development and assistance	5,190,693	2,437,240	2,437,238	2,753,453	2
<b>Debt service:</b>					
Principal	1,533,360	1,454,990	1,539,981	78,370	(84,991)
Interest	1,534,471	1,461,111	1,653,611	73,360	(192,500)
<b>Total expenditures</b>	<b>39,058,175</b>	<b>40,468,014</b>	<b>39,954,642</b>	<b>(1,409,839)</b>	<b>513,372</b>
Excess of revenues over (under) expenditures	(2,272,405)	(2,540,099)	(1,982,332)	(267,694)	557,767
<b>Other financing sources (uses)</b>					
Proceeds from sales of capital assets	20,000	20,000	13,439	-	(6,561)
Proceeds from debt	-	-	192,500	-	192,500
Compensation for loss of capital assets	40,000	40,000	47,920	-	7,920
Transfer in	262,695	262,695	439,624	-	176,929
Transfer (out)	-	(395,080)	(653,417)	(395,080)	(258,337)
<b>Total other financing sources(uses)</b>	<b>322,695</b>	<b>(72,385)</b>	<b>40,066</b>	<b>(395,080)</b>	<b>112,451</b>
<b>Net changes in fund balances</b>	<b>(1,949,710)</b>	<b>(2,612,484)</b>	<b>(1,942,266)</b>	<b>(662,774)</b>	<b>670,218</b>
<b>Fund balance - beginning</b>	<b>1,949,710</b>	<b>2,612,484</b>	<b>3,878,133</b>	<b>662,774</b>	<b>1,265,649</b>
<b>Fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,935,867</b>	<b>\$ -</b>	<b>\$ 1,935,867</b>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

**TUNICA COUNTY, MISSISSIPPI**

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

*Road Maintenance Fund*

*September 30, 2008*

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ -	\$ -	\$ 6,163	\$ -	\$ 6,163
Road and bridge privilege tax	100,000	100,000	137,618	-	37,618
Intergovernmental revenues	4,295,000	4,295,000	4,684,217	-	389,217
Interest income	50,000	50,000	81,220	-	31,220
Miscellaneous revenues	23,000	23,000	180,115	-	157,115
Total revenues	4,468,000	4,468,000	5,089,333	-	621,333
Expenditures					
Public works	7,468,000	7,468,000	5,628,481	-	1,839,519
Total expenditures	7,468,000	7,468,000	5,628,481	-	1,839,519
Excess of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(539,148)	-	2,460,852
Net changes in fund balances	(3,000,000)	(3,000,000)	(539,148)	-	2,460,852
Fund balance - beginning	3,000,000	3,000,000	3,669,576	-	669,576
Fund balance - ending	\$ -	\$ -	\$ 3,130,428	\$ -	\$ 3,130,428

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

**TUNICA COUNTY, MISSISSIPPI**

*Notes to the Required Supplementary Information*

*For the Year Ended September 30, 2008*

*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).*

**TUNICA COUNTY, MISSISSIPPI**

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2008

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Construction Fund</u>
Budget (Cash Basis)	\$ (1,942,266)	\$ (539,148)
Increase (Decrease)		
Net adjustments for revenue accruals	333,551	24,519
Net adjustments for expenditure accruals	<u>(717,323)</u>	<u>(7,895)</u>
GAAP Basis	<u>\$ (2,326,038)</u>	<u>\$ (522,524)</u>

**SUPPLEMENTAL INFORMATION**

**TUNICA COUNTY, MISSISSIPPI**  
*Schedule of Expenditures of Federal Awards*  
*Year Ended September 30, 2008*

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	\$ 5,232,791
Total Expenditures of Major Federal Awards			5,232,791
<b>OTHER FEDERAL AWARDS</b>			
<u>U.S. Department of Housing and Urban Development</u>			
<u>Mississippi Development Authority</u>			
CDBG 2006 - Verner Road Waste Grant	14.218	1123-06-072-PF-01	447,500
Total Mississippi Development Authority			447,500
Passed through Mississippi Development Authority:			
Home Investment Partnerships Program	14.239	M03-SG-28-0123	7,940
Total U. S. Department of Housing and Urban Development			7,940
<u>U.S. Department of Justice</u>			
Passed through Division of Public Safety Planning			
Juvenile Accountability Block Grants	16.523	2004-JB-FX-0062	33,327
Title V : Delinquency Prevention Program	16.548	2004-JP-FX-0006	74,316
Bulletproof Vest Partnership	16.607	2007-BUBX07040497	3,438
Total U.S Department of Justice			111,081
<u>U. S. Department of Transportation</u>			
Passed through State of Mississippi Dept of Public Safety			
Stae and Community Highway Safety	20.600	08-TA-172-1	41,595
Total U.S Department of Public Safety			41,595
<u>U.S. Department of Health and Human Services</u>			
Social Services Block Grant - Adolescent Offenders Program	93.667	074V481	183,216
Total U.S Department of Health and Human Services			183,216
<u>U.S. Department of Homeland Security</u>			
Passed through Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1794-DR-MS	129,338
Total U.S. Department of Homeland Security			129,338
Total Expenditures of Other Federal Awards			920,670
Total for All Federal Awards			\$ 6,153,461

**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 \$5,232,791 went directly to subrecipients during the year ended September 30, 2008, and are not reflected in the county's revenues/expenditures.

**TUNICA COUNTY, MISSISSIPPI**

Combining Statement of Net Assets- Component Units

Year Ended September 30, 2008

	<u>Tunica County Museum, Inc.</u>	<u>Tunica County Airport Commission</u>	<u>Tunica County Utility District</u>	<u>Tunica County Arena and Expo Center</u>	<u>Tunica County Public Projects, Inc.</u>	<u>Tunica County Tourism Commission</u>	<u>Total Component Units</u>
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 1,110,531	\$ 205,406	\$ 671,447	\$ 27,661	\$ 364,307	\$ 826,222	\$ 3,205,574
Intergovernmental receivable	-	594,318	-	-	-	159,177	753,495
Other receivables	-	91,925	155,049	-	65,965	611,010	923,949
Debt issuance costs	-	-	260,805	-	-	-	260,805
Inventories and prepaid items	296,798	78,652	49,500	-	156,646	10,922	592,518
Restricted assets	-	-	3,332,700	-	-	-	3,332,700
Total current assets	<u>1,407,329</u>	<u>970,301</u>	<u>4,469,501</u>	<u>27,661</u>	<u>586,918</u>	<u>1,607,331</u>	<u>9,069,041</u>
Capital assets							
Property, plant and equipment, net	<u>2,705,605</u>	<u>40,740,582</u>	<u>45,289,369</u>	<u>700</u>	<u>92,137</u>	<u>537,310</u>	<u>89,365,703</u>
Total capital assets	<u>2,705,605</u>	<u>40,740,582</u>	<u>45,289,369</u>	<u>700</u>	<u>92,137</u>	<u>537,310</u>	<u>89,365,703</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,112,934</u>	<u>\$ 41,710,883</u>	<u>\$ 49,758,870</u>	<u>\$ 28,361</u>	<u>\$ 679,055</u>	<u>\$ 2,144,641</u>	<u>\$ 98,434,744</u>
Current Liabilities							
Claims payable	\$ 21,077	\$ 402,388	\$ 1,127,537	\$ -	\$ 277,396	\$ 136,621	\$ 1,965,019
Retainage payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	401,659	100,000	501,659
Other payables	3,813	-	66,808	-	-	-	70,621
Current portion long-term debt	<u>8,189</u>	<u>-</u>	<u>1,152,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,520</u>
Total current liabilities	<u>33,079</u>	<u>402,388</u>	<u>2,346,676</u>	<u>-</u>	<u>679,055</u>	<u>236,621</u>	<u>3,697,819</u>
Long-term debt, net of current portion	27,635	-	19,082,928	-	-	-	19,110,563
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	2,669,781	39,730,996	24,676,246	-	-	537,310	67,614,333
Restricted	160,000	594,318	3,332,700	-	-	-	4,087,018
Unrestricted	<u>1,222,439</u>	<u>983,181</u>	<u>320,320</u>	<u>28,361</u>	<u>-</u>	<u>1,370,710</u>	<u>3,925,011</u>
Total net assets	<u>4,052,220</u>	<u>41,308,495</u>	<u>28,329,266</u>	<u>28,361</u>	<u>-</u>	<u>1,908,020</u>	<u>75,626,362</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,112,934</u>	<u>\$ 41,710,883</u>	<u>\$ 49,758,870</u>	<u>\$ 28,361</u>	<u>\$ 679,055</u>	<u>\$ 2,144,641</u>	<u>\$ 98,434,744</u>

**TUNICA COUNTY, MISSISSIPPI**

Combining Statement of Activities – Component Units

Year Ended September 30, 2008

	Tunica County Museum, Inc.	Tunica County Airport Commission	Tunica County Utility District	Tunica County Arena and Expo Center	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Total Component Units
<b>OPERATING REVENUES</b>							
Taxes	\$ -	\$ -	\$ 1,543,342	\$ -	\$ -	\$ 2,463,689	\$ 4,007,031
Intergovernmental revenues	-	5,355,093	-	-	-	50,000	5,405,093
Charges for services	-	3,420,677	3,125,647	277,149	1,445,436	552,000	8,820,909
Miscellaneous	8,669	108,108	-	609,430	820,890	923,341	2,470,438
Total operating revenues	8,669	8,883,878	4,668,989	886,579	2,266,326	3,989,030	20,703,471
<b>OPERATING EXPENSES</b>							
Contract services	-	-	6,308,788	-	1,467,261	800,930	8,576,979
Salaries	160,418	-	-	2,731	-	746,659	909,808
Payroll taxes	15,461	-	-	-	-	-	15,461
Other operating costs	1,961	-	-	41,350	550,957	-	594,268
Equipment leases	-	-	-	-	353,396	-	353,396
Rent expense	-	-	-	700,000	-	-	700,000
Cost of sales	4,339	2,634,056	-	172,844	414,969	2,537,295	5,763,503
General and administrative	155,916	1,753,917	-	-	-	-	1,909,833
Depreciation	126,981	1,819,925	-	-	27,611	36,310	2,010,827
Interest expense	2,679	-	1,387,126	-	-	-	1,389,805
Bond issue cost amortization	-	-	21,981	-	-	-	21,981
Total operating expenses	467,755	6,207,898	7,717,895	916,925	2,814,194	4,121,194	22,245,861
Operating (loss)	(459,086)	2,675,980	(3,048,906)	(30,346)	(547,868)	(132,164)	(1,542,390)
<b>NONOPERATING REVENUE AND (EXPENSE)</b>							
Interest income	44,419	15,131	62,932	2,067	-	12,863	137,412
Allocation from Tunica County	920,968	2,053,977	2,001,214	-	547,868	-	5,524,027
Total nonoperating revenue and expense, net	965,387	2,069,108	2,064,146	2,067	547,868	12,863	5,661,439
Change in net assets	506,301	4,745,088	(984,760)	(28,279)	-	(119,301)	4,119,049
Net Assets - Beginning	3,545,919	36,563,407	29,314,026	62,720	461,644	2,027,321	71,975,037
Prior period adjustment	-	-	-	(6,080)	(461,644)	-	(467,724)
Net Assets-as restated	3,545,919	36,563,407	29,314,026	56,640	-	2,027,321	71,507,313
Total net assets - End of year	\$ 4,052,220	\$ 41,308,495	\$ 28,329,266	\$ 28,361	\$ -	\$ 1,908,020	\$ 75,626,362

## SPECIAL REPORTS

THIS PAGE LEFT BLANK INTENTIONALLY



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
KRISTOPHER A. WHITTEN

2042 McIngvale Road, Suite A  
Hernando, MS 38632

(662) 429-4436  
FAX: (662) 429-4438  
www.williamsandpitts.com

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

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

*We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, Tunica County Airport Commission, each major fund and the aggregate remaining fund information of Tunica County, Mississippi, as of and for the year ended, September 30, 2008, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 29, 2009. Our report includes a qualified opinion on the aggregate discretely presented component units due to Tunica County Arena and Exposition Center not being audited which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government. We did not audit the financial statements of Tunica County Museum, Inc., Tunica County Utility District, Tunica County Public Projects, Inc. or Tunica County Tourism Commission, which represents 57.60 percent of assets and 55.08 percent of revenues of the discretely presented 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, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.*

*A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control.*

Continued...

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

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

*Compliance and Other Matters*

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

*We also noted certain immaterial instances of noncompliance which we have reported to the management of Tunica County, Mississippi in the Limited Internal Control and Compliance Review Management Report, dated May 29, 2009, included within this document.*

*This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, 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 29, 2009*



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
KRISTOPHER A. WHITTEN

2042 McIngvale Road, Suite A  
Hernando, MS 38632

(662) 429-4436  
FAX: (662) 429-4438  
www.williamsandpitts.com

## 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, Mississippi 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 its major federal program for the year ended September 30, 2008. 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, 2008.*

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.*

*A control deficiency in a county's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.*

*A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control.*

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

*This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, 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 29, 2009



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
KRISTOPHER A. WHITTEN

2042 McIngvale Road, Suite A  
Hernando, MS 38632

(662) 429-4436  
FAX: (662) 429-4438  
www.williamsandpitts.com

**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, 2008. 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 29, 2009*

**TUNICA COUNTY**

*Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2008*

Schedule 1

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

**TUNICA COUNTY**  
*Schedule of Emergency Purchases*  
*For the Year Ended September 30, 2008*

Schedule 2

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

**TUNICA COUNTY**

*Schedule of Purchases Made Noncompetitively from a Sole Source  
For the Year Ended September 30, 2008*

Schedule 3

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



WILLIAMS • PITTS • BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
KRISTOPHER A. WHITTEN

2042 McIngvale Road, Suite A  
Hernando, MS 38632

(662) 429-4436  
FAX: (662) 429-4438  
www.williamsandpitts.com

## 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 financial statements of Tunica County, Mississippi for the year ended September 30, 2008, we considered Tunica County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the 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 29, 2009, on the financial statements of Tunica County, Mississippi.*

*Due to the reduced scope, 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:*

### ***Sheriff***

#### ***1. 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 \$2.79 per day.*

#### ***Recommendation***

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

Continued...

Sheriff's Response

*The Tunica County Sheriff's Office will make in the future work to lower the feeding of prisoner cost to comply with Section 19-25-73, Miss Code (1972).*

2. Finding

*Section 41-29-181, Miss Code Ann. (1972) requires a vehicle forfeited to a sheriff's department to be titled and tagged under the Mississippi Motor Vehicle Title Law. The Sheriff's office did not comply with the statute, as no title has been obtained nor has the vehicle been tagged.*

Recommendation

*The Sheriff should title and tag all seized and forfeited motor vehicles pursuant to the Mississippi Motor Vehicle Title Law.*

Sheriff's Response

*The Tunica County Sheriff's Office in the future will comply with Section 41-29-181, Miss Code (1972) and have all vehicles tagged and titled as per the Mississippi Motor Vehicle Title Law.*

3. 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.*

Sheriff's Response

*The Tunica County Sheriff's Office has studied the internal control practices and changes in the reconciling, recording of funds, and settlement functions are being made. The Sheriff's Office will work according to the Mississippi County Financial Accounting practices as recommended.*

**Circuit Court Clerk**

4. 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.*

Continued....

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

*Will have document as soon as District Attorney signs.*

5. Finding

*Section 9-1-43, Miss Code Ann. (1972) states all fees from services received by the office of circuit clerks that are in excess of the salary limitation shall be deposited by such clerk into the county general fund on or before April 15 for the preceding calendar year. The Circuit Clerk did not comply with this deadline. The current year's excess was \$6,453.00.*

Recommendation

*The Circuit Clerk should deposit all excess of salary into the county general fund on or before April 15 for the preceding calendar year.*

Circuit Court Clerk's Response

*Will pay as soon as possible.*

6. Finding

*The Mississippi County Financial Accounting Manual requires the Circuit Clerk to prepare a report at September 30 of each year identifying the distribution of all funds held by the Circuit Clerk in order to include these funds in the financial statements of the county. This report should specify the revenues that are due to the General Fund, other funds, state government or others. The Circuit Clerk should submit this report to the Chancery Clerk by October 31 of each year. The distribution report was not prepared or submitted to the Chancery Clerk.*

Recommendation

*The Circuit Clerk should prepare a distribution of cash report and submit the report to the Chancery Clerk by October 31 of each year.*

Circuit Court Clerk's Response

*First time knowing of separate distribution report other than the monthly report. Will start on September 30, 2009.*

Continued....

7. Finding

*Section 9-7-133, Miss Code Ann. (1972) states a jury tax of two dollars should be collected by the Circuit Clerk on each case transferred or appealed thereto, to constitute a fund for the payment of jurors. The Circuit Clerk did not charge a two dollar jury tax on transferred or appealed cases.*

Recommendation

*The Circuit Clerk should collect a two dollar jury tax on all transferred and appealed cases.*

Circuit Court Clerk's Response

*I will collect another \$2.00 for jury tax on appeals.*

**General Administration**

8. Finding

*Section 27-105-5, Miss Code Ann. (1972) requires a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. As of September 30, 2008, \$419,538 of the County's \$8,475,800 bank balance was not reported to the State Treasurer, thus exposing the funds to custodial credit risk.*

Recommendation

*The County should review the Collateral Sufficiency Report provided by the State Treasurer's office to ensure accuracy of the accounts listed.*

General Administration's Response

*The State Treasurer's Collateral Sufficiency Report along with the County's bank balances shall be monitored closer to make sure all funds are collateralized.*

*Tunica County, Mississippi's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.*

*This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, 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 29, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**TUNICA COUNTY, MISSISSIPPI**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended September 30, 2008*

Section 1: Summary of Auditor's Results

**Financial Statements:**

(1) Type of auditor's report issued on the financial statements:	
Governmental activities	<u>Unqualified</u>
Business-type activities	<u>Unqualified</u>
Aggregate discretely presented component units	<u>Qualified</u>
General Fund	<u>Unqualified</u>
Road Maintenance Fund	<u>Unqualified</u>
Aggregate remaining fund information	<u>Unqualified</u>

(2) Internal control over financial reporting:	
(a) Material weakness identified?	<u>No</u>
(b) Significant deficiencies identified that are not considered to be material weaknesses?	<u>No</u>
(3) Noncompliance material to the financial statements noted:	<u>No</u>

**Federal Awards:**

(4) Internal control over major programs:	
(a) Material weakness identified?	<u>No</u>
(b) Significant deficiencies identified that are not considered to be material weaknesses?	<u>No</u>
(5) Type of auditor's report issued on compliance for major federal programs:	<u>Unqualified</u>
(6) Any audit finding(s) reported as required by Section 510(a) of Circular A-133?	<u>No</u>
(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:	<u>\$ 300,000</u>
(9) Auditee qualified as a low-risk auditee?	<u>Yes</u>

**TUNICA COUNTY, MISSISSIPPI**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended September 30, 2008*

(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          

Section 2: Financial Statement Findings

*The results of our tests did not disclose any findings and questioned costs related to the financial statements.*

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.*