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Tunica County, Mississippi
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2009

Tunica County, Mississippi
Audited financial Statements and Special Reports
Year Ended September 30, 2009

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FINANCIAL SECTION

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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, ("the County") as of and for the year ended September 30, 2009, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of Tunica County Utility District, Tunica County Public Projects, Inc., Tunica County Airport Commission, and Tunica County Tourism Commission, component units, which represent 95.71 percent, 94.51 percent, and 93.34 percent, respectively, of the assets, net assets, and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, 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. The financial statements of the Tunica County Arena and Exposition Center were not audited in accordance with *Governmental Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of Tunica County Museum, Inc. have not been audited, and we were not engaged to audit the Tunica County Museum, Inc. financial statements as part of our audit of the county's basic financial statements. The Tunica County Museum, Inc. financial activities are included in the county's basic financial statements as a discretely presented component unit and represent 4.22 percent of assets,

5.40 percent of net assets and 2.34 percent of revenues, of the county's aggregate discretely presented component units.

In our opinion, based on our audit and the reports of other auditors and except for the effects of such adjustments, if any, as might have been determined to be necessary had the Tunica County Museum, Inc. 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, 2009, 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, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of Tunica County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Schedules 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming 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

June 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2009

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, 2009. 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 (\$292,052) which represents a 0.14% decrease from fiscal year 2008.
- General revenues account for \$36,069,101 in revenue, or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,411,939 or 11% of total revenues.
- The County had \$40,773,092 in expenses; only \$4,411,939 of these expenses was offset by program specific charges for services, grants and contributions.
- Among major funds, the General Fund had \$34,174,665 in revenues and \$34,077,351 in expenditures. The General Fund's fund balance increased \$143,518 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
September 30, 2009

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 general government, public safety, public works, health and welfare, culture and recreation, education, conservation of natural resources, economic development and assistance and interest on long-term debt.

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

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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 22-39 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 45 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 \$153,914,574 as of September 30, 2009.

By far the largest portion of the County's net assets (90%) reflects its investments in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress, less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens and to tourists visiting the county; consequently these assets are not available for future spending.

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

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2009:

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	<u>2009</u>	<u>2008</u>
Current assets	\$ 18,502,475	\$ 18,064,487
Capital assets, net	174,480,718	176,715,431
Total assets	<u>192,790,387</u>	<u>194,779,918</u>
Current liabilities	6,439,895	6,389,590
Long-term debt outstanding	32,628,724	34,059,561
Total liabilities	<u>39,068,619</u>	<u>40,449,151</u>
Net assets:		
Invested in capital assets, net	143,134,004	144,003,711
Restricted	3,674,542	5,637,654
Unrestricted	7,106,028	4,689,402
Total net assets	<u>\$ 153,914,574</u>	<u>\$ 154,330,767</u>

Changes in net assets. The County's total revenues for the fiscal year ended September 30, 2009 were \$40,481,040. The total cost of all programs and services was \$40,773,092. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009.

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues		
Charges for services	\$ 2,916,242	\$ 3,186,508
Federal and state grants	1,495,697	977,525
General revenues		
Property taxes	3,334,818	3,365,580
Road and bridge privilege taxes	120,518	138,335
Grants and contributions not restricted to specific programs	31,327,228	35,632,476
Unrestricted investment income	126,479	282,126
Miscellaneous	1,160,058	1,654,492
Total revenues	<u>40,481,040</u>	<u>45,237,042</u>
Expenses:		
General Government	8,348,356	\$ 9,485,501
Public Safety	10,694,370	10,621,256
Public Works	7,039,800	10,914,730
Health & Welfare	2,613,349	2,940,743
Culture & Recreation	8,497,861	9,321,322
Education	107,516	107,516
Conservation of Natural Resources	892,812	1,056,546
Economic Development	1,103,545	2,851,499
Interest and other expenses on Long-term debt	1,475,483	1,568,164
Total expenses	<u>40,773,092</u>	<u>48,867,277</u>
Increase (decrease) in net assets	<u>(\$292,052)</u>	<u>\$ (3,630,235)</u>

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2009

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

	2009	2009	2008	2008
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
General government	\$ 8,348,356	\$ (5,828,507)	\$ 9,485,501	\$ (6,692,106)
Public safety	10,694,370	(10,240,326)	10,621,256	(9,474,478)
Public works	7,039,800	(5,601,754)	10,914,730	(10,690,870)
Health and welfare	2,613,349	(2,613,349)	2,940,743	(2,940,743)
Culture and recreation	8,497,861	(8,497,861)	9,321,322	(9,321,322)
Education	107,516	(107,516)	107,516	(107,516)
Conservation of natural resources	892,812	(892,812)	1,056,546	(1,056,546)
Economic development and assistance	1,103,545	(1,103,545)	2,851,499	(2,851,499)
Interest and other expenses on long-term debt	1,475,483	(1,475,483)	1,568,164	(1,568,164)
Total expenses	<u>\$40,773,092</u>	<u>\$(36,361,153)</u>	<u>\$ 48,867,277</u>	<u>\$(44,703,244)</u>

Net cost of governmental activities \$(36,361,153) was financed by general revenue, which is made up of primarily property taxes \$(3,334,818) and state and federal revenue \$(31,327,228).

- Investment earnings accounted for \$126,479 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 \$9,355,817, a decrease of \$(35,082). \$7,696,591 or 82% 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 increase in fund balance in the General Fund for the fiscal year was \$143,518 a result of a decrease in expenditures.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2009

BUDGETARY HIGHLIGHTS

Over the course of the year, the County revised the annual operating budgets. Budgeted revenues were decreased due to the decrease in gaming revenues which were affected by the decline in economy. There were amendments to expenditures due to the reduction in revenues. Management made a decision early in the fiscal year to reduce spending due to the anticipated revenue shortfall.

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, 2009, the County's total capital assets were \$174,480,718, including county buildings, improvements other than buildings, other county vehicles, furniture, and equipment.

This amount represents a decrease of \$(2,234,713). Total accumulated depreciation as of September 30, 2009 was \$83,149,359 and total depreciation expense for the year was \$7,085,036.

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

Debt Administration. At September 30, 2009, the County had \$32,628,724 in long-term debt outstanding, of which \$1,736,356 is due within one year.

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

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

CURRENT ISSUES

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

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact:

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

FINANCIAL STATEMENTS

TUNICA COUNTY, MISSISSIPPI
Statement of Net Assets
September 30, 2009

Exhibit 1

	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash	\$ 8,020,476	\$ 3,251,963
Cash with fiscal agent	1,595,192	-
Property tax receivable	3,471,061	-
Accounts receivable (net of allowance for uncollectibles of \$289,996)	162,831	-
Fines receivable (net of allowance for uncollectibles of \$1,328,035)	1,116,066	-
Intergovernmental receivables	2,716,231	166,980
Other receivables	85,392	920,229
Debt issuance costs	1,142,420	238,824
Inventories and prepaid items	192,806	521,645
Restricted assets	-	3,242,257
Capital assets:		
Land and construction in progress	8,643,287	-
Other capital assets, net	165,837,431	87,419,827
Total assets	<u>192,983,193</u>	<u>95,761,725</u>
LIABILITIES		
Claims and judgments payable	2,202,041	1,816,938
Intergovernmental payables	374,707	-
Accrued interest payable	392,086	-
Deferred revenue	3,471,061	287,726
Other payables	-	346,060
Long-term liabilities		
Due within one year:		
Capital debt	1,736,356	1,232,673
Due in more than one year:		
Capital debt	30,204,210	17,895,464
Bond premium	215,674	-
Bond discounts	(59,192)	-
Non-capital debt	531,676	-
Total liabilities	<u>39,068,619</u>	<u>21,578,861</u>
NET ASSETS		
Invested in capital assets, net of related debt	143,134,004	67,545,540
Restricted net assets:		
Expendable:		
Public safety	99,110	-
Public works	3,511,460	-
Unemployment compensation	62,615	-
Other purposes	1,357	3,541,023
Unrestricted	7,106,028	3,096,301
Total Net Assets	<u>\$ 153,914,574</u>	<u>\$ 74,182,864</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 8,348,356	\$ 2,519,849	\$ -	\$ -	\$ (5,828,507)	\$ -
Public safety	10,694,370	396,393	57,651	-	(10,240,326)	-
Public works	7,039,800	-	-	1,438,046	(5,601,754)	-
Health and welfare	2,613,349	-	-	-	(2,613,349)	-
Culture and recreation	8,497,861	-	-	-	(8,497,861)	-
Education	107,516	-	-	-	(107,516)	-
Conservation of natural resources	892,812	-	-	-	(892,812)	-
Economic development and assistance	1,103,545	-	-	-	(1,103,545)	-
Interest on long-term debt	1,475,483	-	-	-	(1,475,483)	-
Total Governmental Activities	<u>\$ 40,773,092</u>	<u>\$ 2,916,242</u>	<u>\$ 57,651</u>	<u>\$ 1,438,046</u>	<u>\$ (36,361,153)</u>	<u>\$ -</u>
Component units:						
Museum	\$ 458,667	\$ -	\$ -	\$ -	\$ -	\$ (458,667)
Airport Commission	4,657,506	1,911,768	-	2,218,514	-	(527,224)
Utility District	7,627,316	3,120,701	-	-	-	(4,506,615)
Arena and Expo Center	742,045	761,139	-	-	-	19,094
Public Projects	2,530,506	1,229,795	-	-	-	(1,300,711)
Tourism Commission	3,062,698	707,415	100,000	-	-	(2,255,283)
Total Component Units	<u>\$ 19,078,738</u>	<u>\$ 7,730,818</u>	<u>\$ 100,000</u>	<u>\$ 2,218,514</u>	<u>\$ -</u>	<u>\$ (9,029,406)</u>
General revenues:						
Property taxes					3,334,818	3,970,766
Road and bridge privilege taxes					120,518	-
Grants and contributions not restricted to specific programs					31,327,228	2,735,928
Unrestricted investment income					126,479	50,720
Miscellaneous					1,160,058	928,652
Total general revenues					<u>36,069,101</u>	<u>7,686,066</u>
Changes in Net Assets					<u>(292,052)</u>	<u>(1,343,340)</u>
Net Assets - Beginning					154,330,767	75,626,362
Prior period adjustment					<u>(124,141)</u>	<u>(100,158)</u>
Net Assets-as restated					<u>154,206,626</u>	<u>75,526,204</u>
Net Assets-Ending					<u>\$153,914,574</u>	<u>\$ 74,182,864</u>

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

TUNICA COUNTY, MISSISSIPPI
 Balance Sheet - Governmental Funds
 September 30, 2009

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Road Maintenance Fund	North Tunica Fire Fund		
ASSETS					
Cash	\$ 2,738,954	\$ 4,031,025	\$ 4,079	\$ 212,573	\$ 6,986,631
Cash with fiscal agent	1,595,192	-	-	-	1,595,192
Property tax receivable	2,471,892	-	935,787	63,382	3,471,061
Accounts receivable (net of allowance for uncollectibles of \$289,996)	162,831	-	-	-	162,831
Fines receivable (net of allowance for uncollectibles of \$1,328,035)	1,116,066	-	-	-	1,116,066
Intergovernmental receivables	2,418,153	298,078	-	-	2,716,231
Other receivables	85,392	-	-	-	85,392
Due from other funds	-	9,464	35	233	9,732
Total Assets	\$ 10,588,480	\$ 4,338,567	\$ 939,901	\$ 276,188	\$ 16,143,136
LIABILITIES AND FUND BALANCES					
Claims payable	\$ 979,805	\$ 780,859	\$ 4,079	\$ 51,011	\$ 1,815,754
Intergovernmental payables	328,459	46,248	-	-	374,707
Due to other funds	9,732	-	-	-	9,732
Deferred revenue	3,587,957	-	935,787	63,382	4,587,126
Total Liabilities	4,905,953	827,107	939,866	114,393	6,787,319
Reserved for:					
Unemployment compensation	-	-	-	62,615	62,615
Law library	-	-	-	1,419	1,419
Reserve per bond agreement	1,595,192	-	-	-	1,595,192
Unreserved, undesignated, reported in:					
General fund	4,087,335	-	-	-	4,087,335
Special revenue funds	-	3,511,460	35	97,761	3,609,256
Total Fund Balances	5,682,527	3,511,460	35	161,795	9,355,817
Total Liabilities and Fund Balances	\$ 10,588,480	\$ 4,338,567	\$ 939,901	\$ 276,188	\$ 16,143,136

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

TUNICA COUNTY, MISSISSIPPI
 Reconciliation of Governmental Funds Balance Sheet
 To the Statement of Net Assets
 September 30, 2009

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,355,817
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 \$83,149,359.	174,480,718
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,116,066
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(32,628,724)
Accrued interest payable is not due and payable in the current period and therefore are not reported in the funds.	(392,086)
Items reported on the Statement of Net Assets but not on the Governmental Funds include:	
Debt issuance costs	1,142,420
Prepaid items	192,806
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>647,557</u>
Total Net Assets - Governmental Activities	<u>\$ 153,914,574</u>

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

TUNICA COUNTY, MISSISSIPPI**Exhibit 4**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year ended September 30, 2009

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Road Maintenance Fund	North Tunica Fire Fund		
Revenues:					
Property taxes	\$ 2,354,181	\$ 6,313	\$ 921,504	\$ 52,819	\$ 3,334,817
Road and bridge privilege taxes	-	120,518	-	-	120,518
Licenses, commissions and other revenue	1,919,984	-	-	9,231	1,929,215
Fines and forfeitures	403,985	-	-	-	403,985
Intergovernmental revenues	28,257,439	4,442,544	-	122,942	32,822,925
Charges for services	268,332	-	-	128,061	396,393
Interest income	126,479	-	-	-	126,479
Miscellaneous revenues	844,265	128,118	-	44,049	1,016,432
Total Revenues	<u>34,174,665</u>	<u>4,697,493</u>	<u>921,504</u>	<u>357,102</u>	<u>40,150,764</u>
Expenditures:					
Current:					
General government	7,909,038	-	-	71,330	7,980,368
Public safety	9,493,171	-	920,735	325,585	10,739,491
Public works	2,604,605	4,424,397	-	81,713	7,110,715
Health and welfare	2,523,600	-	-	-	2,523,600
Culture and recreation	6,612,183	-	-	-	6,612,183
Education	107,516	-	-	-	107,516
Conservation of natural resources	892,622	-	-	-	892,622
Economic development and assistance	1,094,126	-	-	-	1,094,126
Debt service:					
Principal	1,620,566	-	-	-	1,620,566
Interest	1,458,469	-	-	-	1,458,469
Total Expenditures	<u>34,315,896</u>	<u>4,424,397</u>	<u>920,735</u>	<u>478,628</u>	<u>40,139,656</u>
Excess of (deficiency) of Revenues over (under) Expenditures	<u>(141,231)</u>	<u>273,096</u>	<u>769</u>	<u>(121,526)</u>	<u>11,108</u>
Other Financing Sources (Uses)					
Compensation for loss of capital assets	40,975	1,348	-	-	42,323
Lease proceeds	238,545	-	-	-	238,545
Operating transfers out	-	-	-	(5,229)	(5,229)
Operating transfers in	5,229	-	-	-	5,229
Total Other Financing Sources (Uses)	<u>284,749</u>	<u>1,348</u>	<u>-</u>	<u>(5,229)</u>	<u>280,868</u>
Net Changes in Fund Balance	<u>143,518</u>	<u>274,444</u>	<u>769</u>	<u>(126,755)</u>	<u>291,976</u>
Fund Balances - Beginning	5,866,068	3,237,016	(734)	288,550	9,390,900
Prior period adjustment	(327,059)	-	-	-	(327,059)
Fund Balances - Beginning (as restated)	<u>5,539,009</u>	<u>3,237,016</u>	<u>(734)</u>	<u>288,550</u>	<u>9,063,841</u>
Fund Balances - Ending	<u>\$ 5,682,527</u>	<u>\$ 3,511,460</u>	<u>\$ 35</u>	<u>\$ 161,795</u>	<u>\$ 9,355,817</u>

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

TUNICA COUNTY, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended September 30, 2009

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds (Exhibit 4)	\$ 291,976
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 \$7,085,036 exceeded capital outlays of \$7,220,298 (less completed construction \$2,128,805).	(1,993,543)
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 \$241,170 in the current period.	(241,170)
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	186,651
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 \$1,413,018.	1,413,018
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	(78,588)
Bond premium amortization	13,572
Discount on bonds	(3,588)
Compensated absences	7,835
Accrued interest on loans	20,593
Prepaid insurance	(10,112)
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.	<u>101,304</u>
Change in Net Assets of Governmental Activities (Exhibit 2)	<u><u>\$ (292,052)</u></u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Net Assets
Proprietary Fund
September 30, 2009

Exhibit 5

	<u>Internal Service Fund</u>
ASSETS	
Cash	\$ 1,033,845
Due from other funds	-
Total Assets	<u>\$ 1,033,845</u>
 LIABILITIES	
Claims and judgments liability	<u>\$ 386,288</u>
Total Liabilities	<u>\$ 386,288</u>
 NET ASSETS	
Restricted for health insurance	<u>\$ 647,557</u>
Total Net Assets	<u>\$ 647,557</u>

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

TUNICA COUNTY, MISSISSIPPI

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Fund

For the Year Ended September 30, 2009

Exhibit 6

	Internal Service Fund
Operating Revenues	
Premiums	<u>\$ 2,782,075</u>
Total Operating Revenues	<u>2,782,075</u>
Operating Expenses	
Claims payments	1,992,651
Insurance premiums	<u>688,120</u>
Total Operating Expenses	<u>2,680,771</u>
Operating Income (Loss)	<u>101,304</u>
Changes in Net Assets	101,304
Net Assets - Beginning	<u>546,253</u>
Net Assets -Ending	<u><u>\$ 647,557</u></u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2009

Exhibit 7

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities	
Receipts for premiums	\$ 3,106,987
Payments for claims	(1,800,000)
Payments for group insurance	(688,120)
Net Cash Used in Operating Activities	<u>618,867</u>
Net Increase (Decrease) in Cash and Cash Equivalents	618,867
Cash and Cash Equivalents at Beginning of Year	414,978
Cash and Cash Equivalents at End of Year	<u>\$ 1,033,845</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating income (loss)	<u>\$ 101,304</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	324,912
Increase (decrease) in claims and judgments liability	192,651
Total adjustments	<u>517,563</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 618,867</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2009

Exhibit 8

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 30,310	\$ 1,072,844
Intergovernmental receivables	-	-
Total Assets	<u><u>\$ 30,310</u></u>	<u><u>\$ 1,072,844</u></u>
LIABILITIES		
Amounts held in custody for others	\$ -	\$ 27,381
Intergovernmental payables	-	1,045,463
Total Liabilities	<u><u>-</u></u>	<u><u>\$ 1,072,844</u></u>
NET ASSETS		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,310</u>	
Total Net Assets	<u><u>\$ 30,310</u></u>	

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

TUNICA COUNTY, MISSISSIPPI
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2009

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>\$ 30,310</u>

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

TUNICA COUNTY, MISSISSIPPI

Combining Statement of Net Assets – Component Units
September 30, 2009

Exhibit 10

	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
ASSETS							
Current Assets							
Cash and investments	\$ 1,152,075	\$ 236,545	\$ 724,694	\$ 60,458	\$ 285,713	\$ 792,478	\$ 3,251,963
Intergovernmental receivable	-	138,766	-	-	-	28,214	166,980
Other receivables	-	115,635	162,934	-	34,094	607,566	920,229
Debt issuance costs	-	-	238,824	-	-	-	238,824
Inventories and prepaid items	296,111	37,746	49,500	-	119,252	19,036	521,645
Restricted assets	-	48,153	3,194,104	-	-	-	3,242,257
Total current assets	<u>1,448,186</u>	<u>576,845</u>	<u>4,370,056</u>	<u>60,458</u>	<u>439,059</u>	<u>1,447,294</u>	<u>8,341,898</u>
Capital assets							
Property, plant and equipment, net	2,593,903	41,812,068	42,310,860	-	88,208	614,788	87,419,827
Total capital assets	<u>2,593,903</u>	<u>41,812,068</u>	<u>42,310,860</u>	<u>-</u>	<u>88,208</u>	<u>614,788</u>	<u>87,419,827</u>
TOTAL ASSETS	\$ 4,042,089	\$ 42,388,913	\$ 46,680,916	\$ 60,458	\$ 527,267	\$ 2,062,082	\$ 95,761,725
Current Liabilities							
Claims payable	\$ 5,909	\$ 408,201	\$ 1,090,455	\$ -	\$ 239,541	\$ 72,832	\$ 1,816,938
Retainage payable	-	284,337	-	-	-	-	284,337
Deferred revenue	-	-	-	-	287,726	-	287,726
Other payables	-	43,186	18,537	-	-	-	61,723
Current portion long-term debt	8,189	-	1,224,484	-	-	-	1,232,673
Total current liabilities	<u>14,098</u>	<u>735,724</u>	<u>2,333,476</u>	<u>-</u>	<u>527,267</u>	<u>72,832</u>	<u>3,683,397</u>
Long-term debt, net of current portion	19,448	-	17,876,016	-	-	-	17,895,464
NET ASSETS							
Invested in capital assets, net of related debt	2,566,266	41,527,731	22,836,755	-	-	614,788	67,545,540
Restricted	160,000	186,919	3,194,104	-	-	-	3,541,023
Unrestricted	1,282,277	(61,461)	440,565	60,458	-	1,374,462	3,096,301
Total net assets	<u>4,008,543</u>	<u>41,653,189</u>	<u>26,471,424</u>	<u>60,458</u>	<u>-</u>	<u>1,989,250</u>	<u>74,182,864</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 4,042,089	\$ 42,388,913	\$ 46,680,916	\$ 60,458	\$ 527,267	\$ 2,062,082	\$ 95,761,725

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

TUNICA COUNTY, MISSISSIPPI

Combining Statement of Activities – Component Units
For the Year Ended September 30, 2009

Exhibit 11

	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
OPERATING REVENUES							
Taxes	\$ -	\$ -	\$ 1,705,766	\$ -	\$ -	\$ 2,265,000	\$ 3,970,766
Intergovernmental revenues	-	2,218,514	-	-	-	100,000	2,318,514
Charges for services	-	1,911,768	3,120,701	761,139	1,229,795	707,415	7,730,818
Miscellaneous	12,573	170,585	-	4,768	678,778	61,948	928,652
Total operating revenues	12,573	4,300,867	4,826,467	765,907	1,908,573	3,134,363	14,948,750
OPERATING EXPENSES							
Contract services	-	-	6,175,389	-	1,341,699	319,400	7,836,488
Salaries	160,614	-	-	-	-	796,039	956,653
Payroll taxes	17,003	-	-	-	-	-	17,003
Other operating costs	-	-	-	-	508,693	-	508,693
Equipment leases	-	-	-	-	303,349	-	303,349
Rent expense	64,761	-	-	600,000	-	-	664,761
Cost of sales	2,559	1,069,472	-	127,606	349,336	1,913,119	3,462,092
General and administrative	86,635	1,704,103	-	14,439	-	-	1,805,177
Depreciation	124,946	1,883,931	-	-	27,429	34,140	2,070,446
Interest expense	2,149	-	1,429,946	-	-	-	1,432,095
Bond issue cost amortization	-	-	21,981	-	-	-	21,981
Total operating expenses	458,667	4,657,506	7,627,316	742,045	2,530,506	3,062,698	19,078,738
Operating (loss)	(446,094)	(356,639)	(2,800,849)	23,862	(621,933)	71,665	(4,129,988)
NONOPERATING REVENUE AND (EXPENSE)							
Interest income	12,951	7,008	20,592	604	-	9,565	50,720
Allocation from Tunica County	389,466	802,114	922,415	-	621,933	-	2,735,928
Total nonoperating revenue and expense, net	402,417	809,122	943,007	604	621,933	9,565	2,786,648
Change in net assets	(43,677)	452,483	(1,857,842)	24,466	-	81,230	(1,343,340)
Net Assets - Beginning	4,052,220	41,308,495	28,329,266	28,361	-	1,908,020	75,626,362
Prior period adjustment	-	(107,789)	-	7,631	-	-	(100,158)
Net Assets-as restated	4,052,220	41,200,706	28,329,266	35,992	-	1,908,020	75,526,204
Total net assets - End of year	\$ 4,008,543	\$ 41,653,189	\$ 26,471,424	\$ 60,458	\$ -	\$ 1,989,250	\$ 74,182,864

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity

Tunica County, Mississippi (“the 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, Mississippi 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 column in the financial statements includes 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. The 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, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2009

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 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 non-fiduciary 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 non-exchange revenues. 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

For the Year Ended September 30, 2009

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 with a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. 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. 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. Non-major 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 revenues 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 non-operating. 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 non-operating.

TUNICA COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2009

Governmental financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which 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 60 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.

North Tunica Fire Fund - This fund is used to account for monies from tax revenue sources that are restricted for the North Tunica Fire Department.

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 - This fund is 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 the County's 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
For the Year Ended September 30, 2009

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 or 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.

I. Inventories and Prepaid Items

Inventories in component units are valued at cost, which approximates market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

J. 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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

K. 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 governmental activities column in the government-wide financial statements. 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 is not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

L. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of non-current 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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

M. 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, construction or improvement 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.

N. 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 collectability 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
For the Year Ended September 30, 2009

O. 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.

P. 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 Adjustment

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

Explanation	Amount
1. Accounts receivable for grants was overstated in prior year.	\$ (327,059)
2. Prepaid insurance was understated in prior year.	202,918
Total prior period adjustment	<u>\$ (124,141)</u>

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

Explanation	Amount
1. Accounts receivable for grants was overstated in prior year.	\$ (327,059)
Total prior period adjustment	<u>\$ (327,059)</u>

(3) Deposits and Investments

The carrying amount of the County's total deposits with financial institutions at September 30, 2009, was \$10,718,822, and the bank balance was \$11,341,135. The collateral for a public entity's deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation ("FDIC").

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

Custodial Credit Risk – Deposits. Custodial credit risk is 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, 2009:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Maintenance Fund	General Fund	\$ 9,464
North Tunica Fire Fund	General Fund	35
Other Governmental Funds	General Fund	233
Total		<u><u>\$ 9,732</u></u>

These are for settlement of September tax receipts and for federal grant money received. All interfund balances are expected to be repaid within one year.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 5,229
Total		<u><u>\$ 5,229</u></u>

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

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2009 consisted of the following:

<u>Description</u>	<u>Amount</u>
Gaming Revenue (September)	\$ 2,189,169
Federal Grants	<u>527,062</u>
Total Governmental Activities	<u><u>\$ 2,716,231</u></u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2009:

	Balance at 9/30/2008	Additions	Deletions	Balance at 9/30/2009
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 6,019,058	\$ -	\$ -	\$ 6,019,058
Construction in progress	2,901,247	1,851,787	2,128,805	2,624,229
Total non-depreciable capital assets	<u>8,920,305</u>	<u>1,851,787</u>	<u>2,128,805</u>	<u>8,643,287</u>
<u>Depreciable capital assets:</u>				
Infrastructure	121,062,463	3,823,435	32,128	124,853,770
Buildings and improvements	88,928,077	-	-	88,928,077
Improvements other than buildings	21,167,165	25,594	-	21,192,759
Mobile equipment	9,361,547	1,049,725	444,265	9,967,007
Furniture and equipment	3,656,139	231,212	80,719	3,806,632
Leased equipment	-	238,545	-	238,545
Total depreciable capital assets	<u>244,175,391</u>	<u>5,368,511</u>	<u>557,112</u>	<u>248,986,790</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	52,228,869	3,442,553	26,345	55,645,077
Buildings and improvements	11,935,348	1,774,465	-	13,709,813
Improvements other than buildings	3,827,931	842,918	-	4,670,849
Mobile equipment	5,444,985	776,458	211,337	6,010,106
Furniture and equipment	2,943,132	205,691	78,260	3,070,563
Leased equipment	-	42,951	-	42,951
Total accumulated depreciation	<u>76,380,265</u>	<u>7,085,036</u>	<u>315,942</u>	<u>83,149,359</u>
Total depreciable capital assets, net	<u>167,795,126</u>	<u>(1,716,525)</u>	<u>241,170</u>	<u>165,837,431</u>
Governmental activities capital assets, net	<u>\$ 176,715,431</u>	<u>\$ 135,262</u>	<u>\$ 2,369,975</u>	<u>\$ 174,480,718</u>

Depreciation expense was charged to the following functions for the year ended September 30, 2009:

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

	Amount
Governmental Activities:	
General government	\$ 429,527
Public safety	420,780
Public works	3,983,278
Health and welfare	101,612
Culture and recreation	2,146,346
Economic development and assistance	3,493
Total governmental activities depreciation expense	<u>\$ 7,085,036</u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

The following is a summary of the discretely presented component units' capital assets activity for the year ended September 30, 2009:

	Balance at 9/30/2008	Additions	Deletions	Balance at 9/30/2009
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,810,513	\$ 102,461	\$ -	\$ 3,912,974
Construction in progress	434,455	2,140,559	-	2,575,014
Total non-depreciable capital assets	<u>4,244,968</u>	<u>2,243,020</u>	<u>-</u>	<u>6,487,988</u>
<u>Depreciable capital assets:</u>				
Infrastructure	66,323,746	110,725	-	66,434,471
Buildings and improvements	8,857,375	93,246	-	8,950,621
Improvements other than buildings	38,062,881	1,245,977	-	39,308,858
Mobile equipment	772,287	-	-	772,287
Furniture and equipment	3,075,149	508,458	-	3,583,607
Leased equipment	-	-	-	-
Total depreciable capital assets	<u>117,091,438</u>	<u>1,958,406</u>	<u>-</u>	<u>119,049,844</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	22,024,854	3,007,850	-	25,032,704
Buildings and improvements	1,417,562	275,569	-	1,693,131
Improvements other than buildings	6,931,504	1,527,511	-	8,459,015
Mobile equipment	316,556	92,313	-	408,869
Furniture and equipment	2,295,258	229,028	-	2,524,286
Leased equipment	-	-	-	-
Total accumulated depreciation	<u>32,985,734</u>	<u>5,132,271</u>	<u>-</u>	<u>38,118,005</u>
Total depreciable capital assets, net	<u>84,105,704</u>	<u>(3,173,865)</u>	<u>-</u>	<u>80,931,839</u>
Governmental activities capital assets, net	<u>\$ 88,350,672</u>	<u>\$ (930,845)</u>	<u>\$ -</u>	<u>\$ 87,419,827</u>

Commitments with respect to unfinished capital projects consisted of the following as of September 30, 2009:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Arena & Expo Center HVAC Project	\$ 97,417	September 2010
Total CIP	<u>\$ 97,417</u>	

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 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, 2009, to January 1, 2010. 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 the 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 minimum uninsured risk retention for all participating entities, including Tunica County, Mississippi, to the extent that actual claims submitted exceed the predetermined premiums. The County has implemented the following plans to minimize potential loss:

- The County has purchased coinsurance which functions on two separate stop-loss coverage's: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the coverage begins when an individual participant's claim exceeds \$50,000, and the aggregate policy covers all submitted claims in excess of \$2,062,924.

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 ("IBNR"). At September 30, 2009, the amount of these liabilities was \$386,288. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2007-2008	\$ 124,195	1,869,442	1,800,000	\$ 193,637
2008-2009	\$ 193,637	1,992,651	1,800,000	\$ 386,288

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

(8) Operating Leases

As Lessee:

The county has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$44,249 for the year ended September 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 44,283
2011	47,261
2012	50,442
2013	53,840
2014	14,222
2015 - 2016	<u>2,000</u>
Total Minimum Payments Required	<u>\$ 212,048</u>

(9) Capital Leases

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

<u>Classes of Property</u>	
Lease equipment	\$ 238,545
Less: Accumulated depreciation	<u>(42,951)</u>
Leased Property Under Capital Leases	<u>\$ 195,594</u>

The following is a schedule by years of the total payments due as of September 30, 2009:

<u>Year Ended September 30</u>	<u>Amount</u>
2010	\$ 43,783
2011	46,761
2012	49,942
2013	53,340
2014	<u>13,722</u>
Total	<u>\$ 207,548</u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

(10) Long-Term Debt

Debt outstanding as of September 30, 2009, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
A. General Obligation Bonds:			
Mississippi Development Bank Special Obligation Bonds, Series 2003 (Tunica County, Mississippi General Obligation Public Improvement Bond Project)	\$ 9,940,000	3% - 6.5%	12/2023
Mississippi Development Bank Special Obligation Bonds, Series 2004 (Tunica County, Mississippi Refunding Bond Project)	8,560,000	variable	09/2023
First Security Bank General Obligation Airport Improvement Bonds Series 2005	2,165,000	3.6 - 5.125%	05/2025
Mississippi Development Bank Special Obligation Bonds, Series 2006 (Tunica County, Mississippi General Obligation Refunding Bond Project)	<u>5,185,000</u>	5.0 - 5.35%	07/2026
Total General Obligation Bonds	<u><u>\$ 25,850,000</u></u>		
B. Other Loans:			
Water improvements CAP loan	\$ 182,629	4%	09/2012
Capital projects promissory note	175,389	variable	05/2023
Mississippi recreational facilities	<u>5,525,000</u>	variable	09/2023
Total Other Loans	<u><u>\$ 5,883,018</u></u>		

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

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

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	\$ 1,335,000	\$ 1,152,564	\$ 357,573	\$ 219,733
2011	1,400,000	1,095,892	374,375	204,835
2012	1,460,000	1,034,064	389,180	190,462
2013	1,525,000	967,833	342,833	176,694
2014	1,590,000	898,695	357,833	166,399
2015 - 2019	9,060,000	3,393,448	2,054,165	638,271
2020 - 2024	8,435,000	1,274,303	2,007,059	204,202
2025 - 2029	1,045,000	72,400	-	-
Total	<u>\$ 25,850,000</u>	<u>\$ 9,889,199</u>	<u>\$ 5,883,018</u>	<u>\$ 1,800,596</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, 2009, the amount of outstanding debt was equal to 12.58% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

	Balance at 9/30/2008	Additions	Deletions	Balance at 9/30/2009	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation	\$ 27,125,000	\$ -	\$ 1,275,000	\$ 25,850,000	\$ 1,335,000
Plus deferred amounts:					
Bond premium	229,246	-	13,572	215,674	-
Bond discounts	(62,780)	-	(3,588)	(59,192)	-
Other loans	6,228,584	-	345,566	5,883,018	357,573
Compensated absences	539,511	-	7,835	531,676	-
Total	<u>\$ 34,059,561</u>	<u>\$ -</u>	<u>\$ 1,638,385</u>	<u>\$ 32,421,176</u>	<u>\$ 1,692,573</u>

Compensated absences will be paid from the fund from which the employee's salaries were paid which is generally the General Fund and Road Maintenance Fund.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

The following is a summary of changes in long-term liabilities and obligations for the component units for the year ended September 30, 2009:

	Balance at 9/30/2008	Additions	Deletions	Balance at 9/30/2009	Amounts Due Within One Year
Component Units:					
Bonds payable:					
General obligation	\$ 19,827,458	\$ -	\$ 1,051,909	\$ 18,775,549	\$ 1,130,023
Other loans	443,626	-	91,038	352,588	102,650
Total	<u>\$ 20,271,084</u>	<u>\$ -</u>	<u>\$ 1,142,947</u>	<u>\$ 19,128,137</u>	<u>\$ 1,232,673</u>

(11) 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.

(12) No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for which 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, 2009</u>
Tax increment financing bonds	<u>\$ 850,000</u>

(13) Joint Venture

The County is a participant along 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

TUNICA COUNTY, MISSISSIPPI

Notes to Financial Statements

Year Ended September 30, 2009

Library is governed by a five-member board appointed by the Board of Supervisors of the participating counties, one from each county. Each county appropriates annually as determined by each Board of Supervisors for the ongoing support of the First Regional Library. Tunica County, Mississippi's appropriations from the General Fund this year to the joint venture amounted to \$294,720. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

(14) 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 County, Mississippi Board of Supervisors appoints two of 30 members of the board of directors. Tunica County, Mississippi appropriated \$308,591 for the support for the district in fiscal year 2009.

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, Mississippi Board of Supervisors appoints one of the 21 members of the board of commissioners. Tunica County, Mississippi appropriated \$453,544 for support of the district in the fiscal year 2009.

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, Mississippi Board of Supervisors appoints two of the 23 members of the college board of trustees. Tunica County, Mississippi appropriated \$400,429 for maintenance and support of the college in the fiscal year 2009.

Coahoma Community College operates in a district composed of the counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tunica County, Mississippi Board of Supervisors appoints one of the 12 members of the college board of trustees. Tunica County, Mississippi appropriated \$313,916 for maintenance and support of the college in the fiscal year 2009.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Tunica County, Mississippi Board of Supervisors appoints one of the 30 board members. Tunica County, Mississippi appropriated \$450,000 for support of the agency in fiscal year 2009.

The Region One Mental Health Center operates in a district composed of the counties of Coahoma, Quitman, Tallahatchie and Tunica. The Tunica County, Mississippi Board of Supervisors appoints one of the 4 members of the board of commissioners. Tunica County, Mississippi appropriated \$75,000 for support of the center in fiscal year 2009.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2009

(15) Defined Benefit Pension Plan

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

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12.00% 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, 2009, 2008 and 2007 were \$1,452,765, \$1,523,746 and \$1,434,714, respectively, equal to the required contributions for each year.

(16) Subsequent Events

The County has evaluated subsequent events through June 28, 2010, the date of the financial statements were available to be issued.

In April 2010, Tunica County issued a \$10,500,000 General Obligation Refunding Bond, Series 2010 to refund the remaining balance of the \$12,000,000 General Obligation Bond, Series 2003.

In May 2010, Tunica County issued a \$15,000,000 loan from Major Economic Impact Authority to construct a building to be leased by Schulz.

REQUIRED SUPPLEMENTARY INFORMATION

TUNICA COUNTY, MISSISSIPPI

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

General Fund

For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 2,420,092	\$ 2,430,415	\$ 2,356,673	\$ 10,323	\$ (73,742)
Licenses, commissions and other revenue	1,757,300	1,757,300	1,793,770	-	36,470
Fines and forfeitures	450,000	450,000	374,857	-	(75,143)
Intergovernmental revenues	30,011,945	30,011,945	28,964,266	-	(1,047,679)
Charges for services	270,000	270,000	287,102	-	17,102
Interest income	150,000	150,000	93,667	-	(56,333)
Miscellaneous revenues	810,000	810,000	844,265	-	34,265
Total Revenues	35,869,337	35,879,660	34,714,600	10,323	(1,165,060)
Expenditures					
General government	8,361,189	8,447,369	7,905,241	(86,180)	542,128
Public safety	8,974,867	9,569,388	9,529,138	(594,521)	40,250
Public works	3,641,117	2,870,640	2,638,144	770,477	232,496
Health and welfare	2,429,761	2,442,808	2,061,947	(13,047)	380,861
Culture and recreation	7,622,424	7,650,543	6,862,510	(28,119)	788,033
Education	107,516	107,516	107,516	-	-
Conservation of natural resources	1,266,022	1,266,022	894,940	-	371,082
Economic development and assistance	2,157,536	2,206,146	1,471,177	(48,610)	734,969
Debt service:					
Principal	1,708,000	1,708,000	1,620,440	-	87,560
Interest	1,670,000	1,670,000	1,456,569	-	213,431
Total Expenditures	37,938,432	37,938,432	34,547,622	-	3,390,810
Excess of Revenues over (under) Expenditures	(2,069,095)	(2,058,772)	166,978	10,323	2,225,750
Other Financing Sources (Uses)					
Compensation for loss of capital assets	40,000	40,000	40,975	-	975
Transfer in	262,695	262,695	282,620	-	19,925
Transfer (out)	(233,600)	(243,923)	(241,391)	(10,323)	2,532
Total Other Financing Sources (Uses)	69,095	58,772	82,204	(10,323)	23,432
Net Changes in Fund Balances	(2,000,000)	(2,000,000)	249,182	-	2,249,182
Fund Balance - Beginning	2,000,000	2,000,000	1,935,867	-	(64,133)
Fund Balance - Ending	\$ -	\$ -	\$ 2,185,049	\$ -	\$ 2,185,049

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

For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 4,000	\$ 4,000	\$ 6,313	\$ -	\$ 2,313
Road and bridge privilege tax	125,000	125,000	121,036	-	(3,964)
Intergovernmental revenues	3,802,000	3,802,000	4,520,650	-	718,650
Interest income	80,000	80,000	-	-	(80,000)
Miscellaneous revenues	20,000	20,000	129,466	-	109,466
Total Revenues	4,031,000	4,031,000	4,777,465	-	746,465
Expenditures					
Public works	7,031,000	7,031,000	3,876,910	-	3,154,090
Total expenditures	7,031,000	7,031,000	3,876,910	-	3,154,090
Excess of Revenues over (Under) Expenditures	(3,000,000)	(3,000,000)	900,555	-	3,900,555
Net Changes in Fund Balances	(3,000,000)	(3,000,000)	900,555	-	3,900,555
Fund Balance - Beginning	3,000,000	3,000,000	3,130,428	-	130,428
Fund Balance - Ending	\$ -	\$ -	\$ 4,030,983	\$ -	\$ 4,030,983

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)

North Tunica Fire Fund

For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	Revenues				
Property taxes	\$ 970,000	\$ 920,947	\$ 921,470	\$ (49,053)	\$ 523
Total Revenues	970,000	920,947	921,470	(49,053)	523
Expenditures					
Public safety	970,000	920,947	920,947	49,053	-
Total expenditures	970,000	920,947	920,947	49,053	-
Excess of Revenues over (Under) Expenditures	-	-	523	-	523
Net Changes in Fund Balances	-	-	523	(98,106)	523
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 523	\$ (98,106)	\$ 523

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, 2009

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, 2009

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>	<u>North Tunica Fire Fund</u>
Budget (Cash Basis)	\$ 249,182	\$ 900,555	523
Increase (Decrease)			
Net adjustments for revenue accruals	(337,390)	(79,972)	34
Net adjustments for expenditure accruals	<u>231,726</u>	<u>(546,139)</u>	<u>212</u>
GAAP Basis	<u>\$ 143,518</u>	<u>\$ 274,444</u>	<u>\$ 769</u>

SUPPLEMENTAL INFORMATION

TUNICA COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Agriculture and Rural Development</u>			
ARRA - Communities Facilities Loans and Grants	10.780	MS-00-03	\$ 37,629
ARRA - Communities Facilities Loans and Grants	10.780	28-072-646001134	80,961
Total U.S Department of Agriculture and Rural Development			118,590
<u>U.S. Department of Justice</u>			
Passed through Division of Public Safety Planning			
Juvenile Accountability Block Grants	16.523	05JBFX1722	71,596
Title V : Delinquency Prevention Program	16.548	06J51721	29,183
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07HR1721	14,859
Total U.S Department of Justice			115,638
<u>U. S. Department of Transportation</u>			
Direct program through Federal Aviation Administration			
* Airport Improvement Program (Note B)	20.106	N/A	1,587,870
Direct program through Federal Aviation Administration			
* ARRA - Airport Improvement Program (Note B)	20.106	N/A	94,666
Total U.S. Department of Transportation			1,682,536
<u>U. S. Department of Public Safety</u>			
Passed through State of Mississippi Dept of Public Safety			
State and Community Highway Safety	20.600	09-TA-172-1	67,823
Total U.S Department of Public Safety			67,823
<u>U.S. Department of Health and Human Services</u>			
Social Services Block Grant	93.667	074V491	183,259
Total U.S Department of Health and Human Services			183,259
<u>U.S. Department of Homeland Security</u>			
Passed through State of Mississippi Emergency Management Agency			
Hazardous Materials Training Program	97.020	N/A	2,877
Hazard Mitigation Grant	97.039	1604.263	20,323
Emergency Management Performance Grants	97.042	2008 EMPG	131,318
Total Mississippi Emergency Management Authority			154,518
Passed through State of Mississippi Dept of Homeland Security			
Homeland Security Grant Program	97.067	S6LE072T	15,000
Total Mississippi Dept of Homeland Security			15,000
Total U.S Department of Homeland Security			169,518
Total for All Federal Awards			\$ 2,337,364

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 \$1,682,536 went directly to subrecipients during the year ended September 30, 2009, and are not reflected in the county's revenues/expenditures.

* Denotes Major Federal Award Program

SPECIAL REPORTS

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**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 units, each major fund and the aggregate remaining fund information of Tunica County, Mississippi ("the County), as of and for the year ended, September 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2010. Our report includes a qualified opinion on the aggregate discretely presented component units due to Tunica County Museum, Inc. 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 Airport Commission, Tunica County Utility District, Tunica County Public Projects, Inc. or Tunica County Tourism Commission, which represents 95.71 percent of assets, 94.51 percent of net assets, and 93.34 percent of revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Tunica County Arena and Exposition Center were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2009-1, and 2009-2 to be significant deficiencies in internal control over financial reporting.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

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 June 28, 2010, included within this document.

Tunica County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Tunica County's responses and, accordingly, we express no opinion on them.

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
Certified Public Accountants
June 28, 2010



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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 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, 2009. 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 on 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, 2009.

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.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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
June 28, 2010



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**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, 2009. 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
June 28, 2010

TUNICA COUNTY

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2009

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, 2009

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, 2009

Schedule 3

Our test results did not identify any sole source purchases.



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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, 2009, 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 June 28, 2010, 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 \$2.21 per day.

Recommendation

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

Sheriff's Response

We will continue to monitor food costs closely to ensure that we are below the limited amount.

2. 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

We will ensure compliance with the accounting system recommendation in the *Mississippi County Financial Accounting Manual*.

Circuit Court Clerk

3. 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 approximately \$4,200.

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

We will deposit all excess of salary into general fund on or before April 15 for the fiscal year.

4. Finding

The Mississippi County Financial Accounting Manual recommends 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

We will prepare a distribution of cash report and have it submitted to the Chancery Clerk on or before October 31 of each year.

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
June 28, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TUNICA COUNTY, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2009

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> |
| Aggregate discretely presented component units | <u>Qualified</u> |
| General Fund | <u>Unqualified</u> |
| Road Maintenance Fund | <u>Unqualified</u> |
| North Tunica Fire Fund | <u>Unqualified</u> |
| Aggregate remaining fund information | <u>Unqualified</u> |
- (2) Internal control over financial reporting:
- | | |
|--|------------|
| (a) Material weakness identified? | <u>Yes</u> |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | <u>Yes</u> |
- (3) Noncompliance material to the financial statements noted: No

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>None Reported</u> |
- (5) Type of auditor's report issued on compliance for major federal programs: Unqualified
- (6) Any audit finding(s) reported as required by Section __.510 (a) of Circular A-133? No
- (7) Federal programs identified as a major program:
- Airport Improvement Program, CFDA #20.106
- (8) The dollar threshold used to distinguish between type A and type B programs: \$ 300,000
- (9) Auditee qualified as a low-risk auditee? Yes

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- (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

2009-1 Design Deficiency – Financial Statement Preparation

Criteria – The County is responsible for establishing and maintaining effective internal control over financial reporting.

Condition – During the audit, material adjustments to the financial statements were discovered and reported by the external auditors. The County also relies on its external auditors in assisting in the preparation of external financial statements and related disclosures, including the cash to accrual conversion. Under auditing standards generally accepted in the United States of America, outside auditors cannot be considered part of the entity’s internal control structure. The County does not have documented procedures in place that provide review of accrual conversion amounts or otherwise prevent or detect material misstatements in the external financial statements. However, County personnel reviewed and approved all cash to accrual conversion entries.

Effect – Due to this oversight, the external auditors were required to make material adjusting journal entries to the financial statements. Also, lack of financial statements could result in misstatements of accounts on the County’s financial statements.

Cause – The County has not developed procedures or provided staffing to prepare accrual conversion or external financial statements and, consequently, relies on its external auditors for this function.

Recommendation – The County should develop internal control procedures to ensure that all material adjustments are reflected in the financial statements. Also, the County should evaluate the costs and benefits of providing for preparation of external financial statements and related disclosures by its personnel.

Response – We will evaluate the potential for preparing financial statements using County personnel or an independent accountant capable of preparing the financial statements. We will develop procedures to ensure all material entries are recorded in the proper year.

2009-2 Design Deficiency – Monitoring

Criteria – The County is responsible for establishing and maintaining effective internal control over financial reporting.

Condition – The Culture and Recreation Center’s record keeping system does not allow for reconciliation between daily cash receipts with bank deposits.

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Effect – The financial statements might be materially misstated, and the errors would not be detected by management. An unexplained difference which does not remain constant exists between the bank balance and detail supporting ledgers which could allow misappropriations to go undetected.

Cause – There are no procedures in place such as a monthly review and reconciliation of daily cash receipts with amounts deposited to the bank.

Recommendation – Someone independent of the cash receipts and record keeping processes should review and reconcile daily receipts with bank deposits.

Response – We will ensure someone independent of the cash receipts and record keeping functions to reconcile daily receipts with bank deposits.

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.