



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TUNICA COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2011





TUNICA COUNTY, MISSISSIPPI

TABLE OF CONTENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	13
Statement of Net Assets	14
Statement of Activities	15
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets – Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	21
Statement of Cash Flows – Proprietary Fund	22
Statement of Fiduciary Net Assets	23
Statement of Changes in Fiduciary Net Assets	24
Combining Statement of Net Assets - Component Units	25
Combining Statement of Activities - Component Units	26
Notes to Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) General Fund	46
Road Maintenance Fund	47
North Tunica Fire Fund	48
Notes to the Required Supplementary Information	49
SUPPLEMENTAL INFORMATION	50
Schedule of Expenditures of Federal Awards	51
SPECIAL REPORTS	52
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 <i>Government Auditing Standards</i>	54
Independent Auditor's Report on Compliance with Requirements that could Have a direct and material effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	56
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))	58
Limited Internal Control and Compliance Review Management Report	62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	64
AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	69



TUNICA COUNTY, MISSISSIPPI

FINANCIAL SECTION

TUNICA COUNTY, MISSISSIPPI

(This page left blank intentionally)



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, 2011, 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 Airport Commission, Tunica County Public Projects, Inc., Tunica County Tourism Commission, and Tunica County Utility District, component units, which represent 95.74 percent, 95.03 percent, and 93.81 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 they relate 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 Tunica County Public Projects, Inc. and Tunica County Tourism Commission were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of Tunica County Arena and Exposition Center and the Tunica County Museum, Inc., have not been audited, and we were not engaged to audit the Tunica County Arena and Exposition Center or the Tunica County Museum, Inc. financial statements as part of our audit of the County's basic financial statements. The Tunica County Arena and Exposition Center and the Tunica County Museum, Inc. financial activities are included in the County's basic financial statements as discretely presented component units and represent 4.03 percent, 4.97 percent, and 6.19 percent of the assets, net assets and revenues, respectively, of the County's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Tunica County Arena and Exposition Center or the Tunica County Museum, Inc. financial statements been audited, the financial statements referred to previously present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the County as of September 30, 2011, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County, as of September 30, 2011, 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.



As discussed in Note 2, the county adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, 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.

Management's Discussion and Analysis, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County'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. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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
Hernando, Mississippi
June 28, 2012



TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

TUNICA COUNTY, MISSISSIPPI

(This page left blank intentionally)

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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, 2011. The intent of this discussion and analysis is to look at Tunica County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of Tunica County's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this county's financial statements, notes to financial statements, and any accompanying materials. To the extent this discussion contains any forward-looking statements of the county's plans, objectives, expectations, and prospects; the actual results could differ materially from those discussed herein.

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

Financial Highlights

- Total net assets decreased (\$3,291,218) which represents a 2.12% decrease from fiscal year 2010.
- General revenues account for \$31,118,442 in revenue, or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,425,036 or 27% of total revenues.
- The County had \$45,834,696 in expenses; only \$11,425,036 of these expenses was offset by program specific charges for services, grants and contributions.
- Among major funds, the General Fund had \$30,214,234 in revenues and \$33,140,383 in expenditures. The General Fund's fund balance decreased \$1,620,462 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 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.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

The government-wide financial statements can be found on page 14-15 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 three categories: governmental funds, proprietary 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 17 and 19, respectively.

The County maintains individual governmental funds in accordance with the Mississippi County Financial Accounting Manual. 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 16-19 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.

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 20-22.

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 23-24.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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 27-44 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 45-49 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 51 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 \$151,679,954 as of September 30, 2011.

By far the largest portion of the County's net assets (93%) 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 at September 30, 2011:

	<u>2011</u>	<u>2010</u>
Current assets	\$ 19,400,339	\$ 24,007,541
Capital assets, net	195,071,678	176,868,280
Total assets	<u>214,472,017</u>	<u>200,875,821</u>
Current liabilities	7,754,309	8,341,993
Long-term debt outstanding	55,037,754	37,562,656
Total liabilities	<u>62,792,063</u>	<u>45,904,649</u>
Net assets:		
Invested in capital assets, net	141,594,172	140,818,073
Restricted	8,379,672	6,958,674
Unrestricted	1,706,110	7,194,425
Total net assets	<u>\$ 151,679,954</u>	<u>\$ 154,971,172</u>

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Changes in net assets. The County's total revenues for the fiscal year ended September 30, 2011 were \$42,543,478. The total cost of all programs and services was \$45,834,696. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2011.

Revenues:	2011	2010
Program revenues		
Charges for services	\$ 2,649,593	\$ 2,869,428
Federal and state grants	8,775,443	5,970,538
General revenues		
Property taxes	3,286,397	3,372,583
Road and bridge privilege taxes	126,971	129,157
Rental Income	711,737	716,023
Grants and contributions not restricted to specific programs	26,298,048	29,374,578
Unrestricted investment income	93,993	116,144
Miscellaneous	601,296	1,280,201
Total revenues	42,543,478	43,828,652
 Expenses:		
General Government	7,884,346	8,185,007
Public Safety	10,495,372	10,575,498
Public Works	10,082,946	9,936,215
Health & Welfare	2,495,817	2,415,919
Culture & Recreation	7,438,486	7,965,091
Education	107,516	107,516
Conservation of Natural Resources	428,237	629,491
Economic Development	5,393,683	1,031,807
Interest on Long-term debt	1,508,293	1,925,510
Total expenses	45,834,696	42,772,054
Increase (decrease) in net assets	\$ (3,291,218)	\$ 1,056,598

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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 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.

	2011	2011	2010	2010
	Total	Net (Expense)	Total	Net (Expense)
	Expenses	Revenue	Expenses	Revenue
General government	\$ 7,884,346	\$ (5,555,232)	\$ 8,185,007	\$ (1,166,081)
Public safety	10,495,372	(7,442,019)	10,575,498	(9,427,465)
Public works	10,082,946	(10,082,946)	9,936,215	(9,263,208)
Health and welfare	2,495,817	(2,495,817)	2,415,919	(2,415,919)
Culture and recreation	7,438,486	(7,438,486)	7,965,091	(7,965,091)
Education	107,516	(107,516)	107,516	(107,516)
Conservation of natural resources	428,237	(428,237)	629,491	(629,491)
Economic development and assistance	5,393,683	648,886	1,031,807	(1,031,807)
Interest on long-term debt	1,508,293	(1,508,293)	1,925,510	(1,925,510)
Total expenses	<u>\$45,834,696</u>	<u>\$(34,409,660)</u>	<u>\$42,772,054</u>	<u>\$(33,932,088)</u>

Net cost of governmental activities \$(34,409,660) was financed by general revenue, which is made up of primarily property taxes \$(3,286,397) and state and federal revenue \$(26,298,048).

- Investment earnings accounted for \$93,993 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, unassigned 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 \$8,864,153, a decrease of \$(3,331,196). \$1,238,798 or 14% of the fund balance constitutes unassigned fund balance, which is available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. The decrease in fund balance in the General Fund for the fiscal year was \$1,620,462 a result of an increase in expenditures.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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, 2011, the County's total net capital assets were \$195,071,678, including county buildings, improvements other than buildings, other county vehicles, furniture, and equipment.

This amount represents an increase of \$18,203,398. Total accumulated depreciation as of September 30, 2011 was \$97,001,489 and total depreciation expense for the year was \$7,120,432.

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

Debt Administration. At September 30, 2011, the County had \$55,037,754 in long-term debt outstanding, of which \$2,232,352 is due within one year.

The County maintains an A-/Stable bond rating.

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

CURRENT ISSUES

Tunica County, Mississippi 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

TUNICA COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

TUNICA COUNTY, MISSISSIPPI
Statement of Net Assets
September 30, 2011

Exhibit 1

	Governmental Activities	Component Units
ASSETS		
Cash	\$ 8,080,614	\$ 2,765,764
Cash with fiscal agent	1,632,462	-
Property tax receivable	3,269,966	-
Accounts receivable (net of allowance for uncollectibles of \$319,795)	175,141	-
Fines receivable (net of allowance for uncollectibles of \$1,504,963)	1,209,154	-
Intergovernmental receivables	3,270,839	104,854
Other receivables	50,881	878,964
Inventories and prepaid items	325,016	512,770
Deferred charges - debt issuance costs	1,386,266	342,985
Restricted assets	-	2,684,978
Capital assets:		
Land and construction in progress	39,313,879	-
Other capital assets, net	155,757,799	82,296,260
Total Assets	214,472,017	89,586,575
LIABILITIES		
Claims payable	3,214,139	1,086,045
Intergovernmental payables	767,766	-
Accrued interest payable	365,133	-
Unearned revenue	3,269,966	155,982
Other payables	137,305	255,047
Long-term liabilities		
Due within one year:		
Capital debt	2,232,352	1,633,997
Due in more than one year:		
Capital debt	52,266,287	14,823,887
Non-capital debt	539,115	-
Total Liabilities	62,792,063	17,954,958
NET ASSETS		
Invested in capital assets, net of related debt	141,594,172	65,940,587
Restricted:		
Expendable:		
Debt Service	1,632,462	-
Unemployment compensation	83,953	-
Other purposes	429,301	2,640,369
Unrestricted	7,940,066	3,050,661
Total Net Assets	\$ 151,679,954	\$ 71,631,617

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

TUNICA COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2011

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	\$ 7,884,346	\$ 2,324,511	\$ -	\$ 4,603	\$ (5,555,232)	\$ -
Public safety	10,495,372	325,082	908,995	1,819,276	(7,442,019)	-
Public works	10,082,946	-	-	-	(10,082,946)	-
Health and welfare	2,495,817	-	-	-	(2,495,817)	-
Culture and recreation	7,438,486	-	-	-	(7,438,486)	-
Education	107,516	-	-	-	(107,516)	-
Conservation of natural resources	428,237	-	-	-	(428,237)	-
Economic development and assistance	5,393,683	-	-	6,042,569	648,886	-
Interest on long-term debt	1,508,293	-	-	-	(1,508,293)	-
Total Governmental Activities	\$ 45,834,696	\$ 2,649,593	\$ 908,995	\$ 7,866,448	\$ (34,409,660)	\$ -
Component units:						
Museum	\$ 438,514	\$ -	\$ -	\$ -	\$ -	\$ (438,514)
Airport Commission	6,265,559	1,677,314	2,521,994	215,479	-	(1,850,772)
Utility District	7,206,915	2,961,627	-	-	-	(4,245,288)
Arena and Expo Center	694,718	693,741	-	-	-	(977)
Public Projects	2,158,102	979,538	-	-	-	(1,178,564)
Tourism Commission	3,620,678	820,170	784,296	-	-	(2,016,212)
Total Component Units	\$ 20,384,486	\$ 7,132,390	\$ 3,306,290	\$ 215,479	\$ -	\$ (9,730,327)
General revenues:						
Property taxes					3,286,397	3,536,920
Road and bridge privilege taxes					126,971	-
Grants and contributions not restricted to specific programs					26,298,048	2,027,623
Unrestricted interest income					93,993	19,647
Rental income					711,737	-
Miscellaneous					601,296	1,179,949
Total General Revenues					31,118,442	6,764,139
Changes in Net Assets					(3,291,218)	(2,966,188)
Net Assets - Beginning					154,971,172	74,597,805
Net Assets-Ending					\$ 151,679,954	\$ 71,631,617

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

TUNICA COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2011

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Road Maintenance Fund	North Tunica Fire Fund	Pipe Plant Fund	Other Governmental Funds	
ASSETS						
Cash	\$ 1,176,242	\$ 5,824,538	\$ 6,269	\$ -	\$ 218,586	\$ 7,225,635
Cash with fiscal agent	1,632,462	-	-	-	-	1,632,462
Property tax receivable	2,326,802	-	883,502	-	59,662	3,269,966
Accounts receivable (net of allowance for uncollectibles of \$319,795)	175,142	-	-	-	-	175,142
Fines receivable (net of allowance for uncollectibles of \$1,504,963)	202,727	-	-	-	-	202,727
Intergovernmental receivables	2,459,462	248,120	-	515,001	48,256	3,270,839
Other receivables	50,880	-	-	-	-	50,880
Due from other funds	3,164,827	10,523	35	-	225	3,175,610
Total Assets	\$ 11,188,544	\$ 6,083,181	\$ 889,806	\$ 515,001	\$ 326,729	\$ 19,003,261
LIABILITIES AND FUND BALANCES						
Claims payable	\$ 1,676,267	\$ 258,081	\$ -	\$ 801,955	\$ 52,158	\$ 2,788,461
Intergovernmental payables	719,587	41,229	6,269	-	681	767,766
Due to other funds	10,783	-	-	3,164,827	-	3,175,610
Unearned revenue	2,326,802	-	883,502	-	59,662	3,269,966
Other payables	130,405	6,900	-	-	-	137,305
Total Liabilities	4,863,844	306,210	889,771	3,966,782	112,501	10,139,108
Fund balances:						
Restricted for:						
Debt service	1,632,462	-	-	-	-	1,632,462
Unemployment compensation	-	-	-	-	83,953	83,953
Committed to:						
Public safety	1,659	-	35	-	130,275	131,969
Public works	-	5,776,971	-	-	-	5,776,971
Unassigned	4,690,579	-	-	(3,451,781)	-	1,238,798
Total Fund Balances	6,324,700	5,776,971	35	(3,451,781)	214,228	8,864,153
Total Liabilities and Fund Balances	\$ 11,188,544	\$ 6,083,181	\$ 889,806	\$ 515,001	\$ 326,729	\$ 19,003,261

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

TUNICA COUNTY, MISSISSIPPI
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2011

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,864,153
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 \$97,001,489.	195,071,678
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,006,427
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(55,037,754)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(365,133)
Items reported on the Statement of Net Assets but not on the Governmental Funds include:	
Debt issuance costs	1,386,266
Prepaid items	325,016
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>429,301</u>
Total Net Assets - Governmental Activities	<u>\$ 151,679,954</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year ended September 30, 2011

Exhibit 4

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	North Tunica Fire Fund	Pipe Plant Fund		
REVENUES						
Property taxes	\$ 2,313,130	\$ 6,178	\$ 908,183	\$ -	\$ 58,905	\$ 3,286,396
Road and bridge privilege taxes	-	126,971	-	-	-	126,971
Licenses, commissions and other revenue	2,030,696	-	-	-	1,538	2,032,234
Fines and forfeitures	502,162	-	-	-	-	502,162
Intergovernmental revenues	24,969,736	3,504,644	-	6,042,569	556,542	35,073,491
Charges for services	207,291	-	-	-	117,791	325,082
Interest income	61,590	32,403	-	-	-	93,993
Miscellaneous revenues	129,629	138,605	-	-	-	268,234
Total Revenues	30,214,234	3,808,801	908,183	6,042,569	734,776	41,708,563
EXPENDITURES						
Current:						
General government	7,423,736	-	-	-	37,824	7,461,560
Public safety	9,316,574	-	908,160	-	146,749	10,371,483
Public works	3,257,104	3,190,776	-	-	-	6,447,880
Health and welfare	2,423,672	-	-	-	-	2,423,672
Culture and recreation	6,277,356	-	-	-	-	6,277,356
Education	107,516	-	-	-	-	107,516
Conservation of natural resources	429,104	-	-	-	-	429,104
Economic development and assistance	1,121,195	-	-	27,367,920	556,542	29,045,657
Debt service:						
Principal	1,607,563	-	-	-	-	1,607,563
Interest	1,176,563	-	-	-	-	1,176,563
Bond issue costs	-	-	-	133,092	-	133,092
Total Expenditures	33,140,383	3,190,776	908,160	27,501,012	741,115	65,481,446
Excess of (deficiency) of Revenues over (under) Expenditures	(2,926,149)	618,025	23	(21,458,443)	(6,339)	(23,772,883)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	19,100,000	-	19,100,000
Compensation for loss of capital assets	619,611	-	-	-	-	619,611
Rent proceeds	711,737	-	-	-	-	711,737
Sale of assets	10,339	-	-	-	-	10,339
Operating transfers out	(36,000)	-	-	-	-	(36,000)
Operating transfers in	-	-	-	-	36,000	36,000
Total Other Financing Sources (Uses)	1,305,687	-	-	19,100,000	36,000	20,441,687
Net Changes in Fund Balance	(1,620,462)	618,025	23	(2,358,443)	29,661	(3,331,196)
Fund Balances - Beginning	7,945,162	5,158,946	12	(1,093,338)	184,567	12,195,349
Fund Balances - Ending	\$ 6,324,700	\$ 5,776,971	\$ 35	\$ (3,451,781)	\$ 214,228	\$ 8,864,153

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

TUNICA COUNTY, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2011

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds (Exhibit 4)	\$ (3,331,196)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$25,397,216 exceeded depreciation of \$7,120,432 in the current period.	18,276,784
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 \$73,386 in the current period.	(73,386)
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.	(209,885)
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 proceeds of \$19,100,000 exceeded debt repayments of \$1,607,563.	(17,492,437)
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	55,154
Bond premium amortization	13,572
Discount on bonds	(3,588)
Compensated absences	7,355
Prepaid expenses	(236,703)
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>(296,888)</u>
Change in Net Assets of Governmental Activities (Exhibit 2)	<u>\$ (3,291,218)</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Net Assets
Proprietary Fund
September 30, 2011

Exhibit 5

	<u>Internal Service Fund</u>
ASSETS	
Cash	\$ 854,979
Total Current Assets	<u>\$ 854,979</u>
LIABILITIES	
Claims and judgments liability	\$ 425,678
Total Current Liabilities	<u>\$ 425,678</u>
NET ASSETS	
Restricted for health insurance	\$ 429,301
Total Net Assets	<u>\$ 429,301</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended September 30, 2011

Exhibit 6

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Premiums	\$ 2,418,510
Total Operating Revenues	<u>2,418,510</u>
OPERATING EXPENSES	
Claims payments	1,825,000
Insurance premlums	890,398
Total Operating Expenses	<u>2,715,398</u>
Operating Income (Loss)	<u>(296,888)</u>
Changes in Net Assets	(296,888)
Net Assets - Beginning	<u>726,189</u>
Net Assets -Ending	<u>\$ 429,301</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2011

Exhibit 7

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities	
Receipts for premiums	\$ 2,418,510
Payments for claims	(1,825,000)
Payments for group insurance	(890,398)
Net Cash Used by Operating Activities	<u>(296,888)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(296,888)
Cash and Cash Equivalents at Beginning of Year	1,151,867
Cash and Cash Equivalents at End of Year	<u>\$ 854,979</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating income (loss)	<u>\$ (296,888)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in claims and judgments liability	-
Total adjustments	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (296,888)</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Fiduciary Net Assets
September 30, 2011

Exhibit 8

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 30,310	\$ 1,337,092
Intergovernmental receivables	-	-
Total Assets	<u>\$ 30,310</u>	<u>\$ 1,337,092</u>
LIABILITIES		
Amounts held in custody for others	\$ -	\$ 244,386
Intergovernmental payables	-	1,092,706
Total Liabilities	<u>-</u>	<u>\$ 1,337,092</u>
NET ASSETS		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,310</u>	
Total Net Assets	<u>\$ 30,310</u>	

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

TUNICA COUNTY, MISSISSIPPI
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2011

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 this statement.

TUNICA COUNTY, MISSISSIPPI
Combining Statement of Net Assets - Component Units
For the Year Ended September 30, 2011

Exhibit 11

	Tunica County Airport Commission	Tunica County Arena and Expo Center	Tunica County Museum, Inc.	Tunica National Public Impr. District	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Tunica County Utility District	Total Component Units
ASSETS								
Current assets:								
Cash and Investments	\$ 86,140	\$ 53,464	\$ 913,370	\$ -	\$ 301,481	\$ 1,106,687	\$ 304,622	\$ 2,765,764
Intergovernmental receivable	33,230	-	-	-	-	71,624	-	104,854
Other receivables	64,568	700	-	-	45,996	557,282	210,418	878,964
Debt issuance costs	-	-	-	-	-	-	342,985	342,985
Inventories and prepaid items	90,367	-	295,283	-	85,167	12,453	29,500	512,770
Restricted assets	53,326	-	-	204,609	-	-	2,427,043	2,684,978
Total Current Assets	327,631	54,164	1,208,653	204,609	432,644	1,748,046	3,314,568	7,290,315
Capital assets:								
Property, plant and equipment, net	42,825,673	-	2,346,363	-	277,342	627,266	36,219,616	82,296,260
Total Capital Assets	42,825,673	-	2,346,363	-	277,342	627,266	36,219,616	82,296,260
Total Assets	43,153,304	54,164	3,555,016	204,609	709,986	2,375,312	39,534,184	89,586,575
LIABILITIES								
Current Liabilities:								
Claims payable	82,336	39,108	2,318	-	276,512	117,619	568,152	1,086,045
Retainage payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	155,982	-	-	155,982
Other payables	34,315	-	-	-	-	-	16,123	50,438
Due to bond holders	-	-	-	204,609	-	-	-	204,609
Current portion long-term debt	-	-	9,753	-	63,275	-	1,560,969	1,633,997
Total Current Liabilities	116,651	39,108	12,071	204,609	495,769	117,619	2,145,244	3,131,071
Long-term debt, net of current portion	-	-	-	-	214,217	-	14,609,670	14,823,887
Total Liabilities	116,651	39,108	12,071	204,609	709,986	117,619	16,754,914	17,954,958
NET ASSETS								
Invested in capital assets, net of related debt	42,825,673	-	2,336,610	-	-	627,266	20,151,038	65,940,587
Restricted	53,326	-	160,000	-	-	-	2,427,043	2,640,369
Unrestricted	157,654	15,056	1,046,335	-	-	1,630,427	201,189	3,050,661
Total Net Assets	\$ 43,036,653	\$ 15,056	\$ 3,542,945	\$ -	\$ -	\$ 2,257,693	\$ 22,779,270	\$ 71,631,617

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

TUNICA COUNTY, MISSISSIPPI
Combining Statement of Activities - Component Units
For the Year Ended September 30, 2011

Exhibit 12

	Tunica County Airport Commission	Tunica County Arena and Expo Center	Tunica County Museum, Inc.	Tunica National Public Impr. District	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Tunica County Utility District	Total Component Units
OPERATING REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,977,767	\$ 1,559,153	\$ 3,536,920
Intergovernmental revenues	2,521,994	-	-	-	-	784,296	-	3,306,290
Charges for services	1,677,314	693,741	-	-	979,538	820,170	2,961,627	7,132,390
Miscellaneous	145,961	-	372,308	-	599,214	62,466	-	1,179,949
Total Operating Revenues	4,345,269	693,741	372,308	-	1,578,752	3,644,699	4,520,780	15,155,549
OPERATING EXPENSES								
Contract services	-	-	-	-	1,316,218	505,172	5,937	1,827,327
Salaries	-	-	141,793	-	-	1,278,548	890,560	2,310,901
Payroll taxes	-	-	19,210	-	-	-	-	19,210
Other operating costs	-	-	-	-	377,724	-	2,014,640	2,392,364
Equipment leases	-	-	-	-	140,271	-	-	140,271
Rent expense	-	582,000	72,565	-	-	-	154,349	808,914
Cost of sales	1,031,950	110,905	-	-	304,429	1,806,439	-	3,253,723
General and administrative	1,806,191	1,813	80,398	-	-	-	-	1,888,402
Depreciation	2,164,684	-	123,411	-	19,460	30,519	3,080,000	5,418,074
Interest expense	-	-	1,137	-	-	-	1,023,810	1,024,947
Bond issue cost amortization	-	-	-	-	-	-	37,619	37,619
Total Operating Expenses	5,002,825	694,718	438,514	-	2,158,102	3,620,678	7,206,915	19,121,752
Operating (loss)	(657,556)	(977)	(66,206)	-	(579,350)	24,021	(2,686,135)	(3,966,203)
NONOPERATING REVENUE AND (EXPENSE)								
Interest income	954	448	11,392	-	-	6,118	735	19,647
Intergovernmental revenues	215,479	-	-	-	-	-	-	215,479
Allocation from Tunica County	674,917	-	-	-	579,350	-	773,356	2,027,623
Total Nonoperating Revenue and Expense, Net	891,350	448	11,392	-	579,350	6,118	774,091	2,262,749
Transfers out to Tunica County	(1,262,734)	-	-	-	-	-	-	(1,262,734)
Change in net assets	(1,028,940)	(529)	(54,814)	-	-	30,139	(1,912,044)	(2,966,188)
Net Assets - Beginning of Year	44,065,593	15,585	3,597,759	-	-	2,227,554	24,691,314	74,597,805
Total Net Assets - End of Year	\$ 43,036,653	\$ 15,056	\$ 3,542,945	\$ -	\$ -	\$ 2,257,693	\$ 22,779,270	\$ 71,631,617

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Tunica County (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 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 include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. 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 of Tunica, Mississippi.

- 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 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, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

- 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 two mils for calendar years 2000-2007 and 1.5 mils for 2008-2012.
- Tunica National Public Improvement District was created in 2006 in accordance with Section 19-31-1, Miss. Code Ann. (1972). It operates under a four member board of directors appointed by the Board of Supervisors of Tunica County for the purpose of financing the construction of public works and infrastructure.
- 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.
- 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 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 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.

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, fund financial statements and accompanying note disclosures 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.

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

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 Proprietary 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.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 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 and report all financial resources not accounted for and reported in another fund.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

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 specific revenue sources that are restricted for road maintenance.

Pipe Plant Fund – This fund is used to account for monies for the construction of a pipe plant.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

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

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.

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

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.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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."

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by law through a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the county's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator and Comptroller pursuant to authorization established by the Board of Supervisors.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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, 2011

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) Changes in Accounting Standards.

For the fiscal year ended September 30, 2011, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

(3) Deposits and Investments

The carrying amount of the County's total deposits with financial institutions at September 30, 2011, was \$9,448,016, and the bank balance was \$9,173,436. 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 Deposit Insurance Corporation ("FDIC").

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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2011:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pipe Plant Fund	\$ 3,164,827
Road Maintenance Fund	General Fund	10,523
North Tunica Fire Fund	General Fund	35
Other Governmental Funds	General Fund	225
Total		<u><u>\$ 3,175,610</u></u>

These are for settlement of September tax receipts and for Pipe Plant Fund to borrow funds from the General Fund to finish the project. 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>
Other Governmental Funds	General	\$ 36,000
Total		<u><u>\$ 36,000</u></u>

The principal purpose of interfund transfers was to provide funds as budgeted to pay for operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2011 consisted of the following:

<u>Description</u>	<u>Amount</u>
Gaming Revenue (September)	\$ 2,085,400
Federal Grants	1,143,775
Ad Valorem Revenue (September)	41,664
Total Governmental Activities	<u><u>\$ 3,270,839</u></u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2011:

	Balance at Oct. 1, 2010	Additions	Deletions	Balance at Sept. 30, 2011
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 8,264,868	\$ 216,540	\$ -	\$ 8,481,408
Construction in progress	6,566,042	24,266,429	-	30,832,471
Total non-depreciable capital assets	<u>14,830,910</u>	<u>24,482,969</u>	<u>-</u>	<u>39,313,879</u>
<u>Depreciable capital assets:</u>				
Infrastructure	127,298,025	-	-	127,298,025
Buildings and improvements	88,928,077	-	-	88,928,077
Improvements other than buildings	21,192,759	4,975	26,705	21,171,029
Mobile equipment	10,174,254	697,165	199,250	10,672,169
Furniture and equipment	4,275,054	212,107	35,718	4,451,443
Leased equipment	238,545	-	-	238,545
Total depreciable capital assets	<u>252,106,714</u>	<u>914,247</u>	<u>261,673</u>	<u>252,759,288</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	59,138,576	3,493,498	-	62,632,074
Buildings and improvements	15,484,278	1,774,465	-	17,258,743
Improvements other than buildings	5,513,767	842,048	10,322	6,345,493
Mobile equipment	6,572,987	754,635	144,000	7,183,622
Furniture and equipment	3,273,834	212,835	33,965	3,452,704
Leased equipment	85,902	42,951	-	128,853
Total accumulated depreciation	<u>90,069,344</u>	<u>7,120,432</u>	<u>188,287</u>	<u>97,001,489</u>
Total depreciable capital assets, net	<u>162,037,370</u>	<u>(6,206,185)</u>	<u>73,386</u>	<u>155,757,799</u>
Governmental activities capital assets, net	<u>\$ 176,868,280</u>	<u>\$ 18,276,784</u>	<u>\$ 73,386</u>	<u>\$ 195,071,678</u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

The following is a summary of the discretely presented component units' capital assets activity for the year ended September 30, 2011:

	Balance at Oct. 1, 2010	Additions	Deletions	Balance at Sept. 30, 2011
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 3,930,695	\$ 24,145	\$ -	\$ 3,954,840
Construction in progress	3,512,574	-	-	3,512,574
Total non-depreciable capital assets	7,443,269	24,145	-	7,467,414
Depreciable capital assets:				
Infrastructure	68,320,613	42,771	-	68,363,384
Buildings and improvements	10,647,620	-	-	10,647,620
Improvements other than buildings	39,308,858	-	-	39,308,858
Mobile equipment	772,287	-	-	772,287
Furniture and equipment	3,680,174	816,416	-	4,496,590
Total depreciable capital assets	122,729,552	859,187	-	123,588,739
Less accumulated depreciation for:				
Infrastructure	29,627,658	2,994,110	-	32,621,768
Buildings and improvements	2,036,203	471,189	-	2,507,392
Improvements other than buildings	8,459,812	1,599,286	-	10,059,098
Mobile equipment	467,843	55,761	-	523,604
Furniture and equipment	2,754,301	293,730	-	3,048,031
Total accumulated depreciation	43,345,817	5,414,076	-	48,759,893
Total depreciable capital assets, net	79,383,735	(4,554,889)	-	74,828,846
Governmental activities capital assets, net	\$ 86,827,004	\$ (4,530,744)	\$ -	\$ 82,296,260

Depreciation expense was charged to the following functions for the year ended September 30, 2011:

	Amount
Governmental Activities:	
General government	\$ 690,083
Public safety	432,393
Public works	4,095,305
Health and welfare	89,030
Culture and recreation	1,813,621
Total governmental activities depreciation expense	\$ 7,120,432

Commitments with respect to unfinished capital projects consisted of the following as of September 30, 2011:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Schulz Office and Training Facility	\$ 1,312,835	December 2011
Blues Museum	186,170	December 2011
Total CIP	\$ 1,499,005	

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(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, 2011, to January 1, 2012. 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 coverages: 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 \$55,000, and the aggregate policy covers all submitted claims in excess of \$2,150,836.

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, 2011, the amount of these liabilities was \$425,678. 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
2009-2010	\$ 386,288	1,814,390	1,775,000	\$ 425,678
2010-2011	\$ 425,678	1,825,000	1,825,000	\$ 425,678

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(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 \$6,000 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2012	\$ 6,000
2013	6,000
2014	6,000
2015	6,000
2016	6,000
2017-2020	9,500
Total Minimum Payments Required	<u>\$ 39,500</u>

(9) Capital Leases.

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2011:

<u>Classes of Property</u>	
Leased equipment	\$ 238,545
Less: Accumulated depreciation	<u>(128,853)</u>
Leased Property Under Capital Leases	<u>\$ 109,692</u>

The following is a schedule by years of the total payments due as of September 30, 2011:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 49,942	\$ 6,230
2013	53,340	2,832
2014	<u>13,721</u>	<u>150</u>
Total	<u>\$ 117,003</u>	<u>\$ 9,212</u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(10) Long-Term Debt.

Debt outstanding as of September 30, 2011, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
A. General Obligation Bonds:			
Mississippi Development Bank Special Obligation Bonds, Series 2004 (Tunica County, Mississippi Refunding Bond Project)	\$ 7,415,000	variable	09/2023
First Security Bank General Obligation Airport Improvement Bonds Series 2005	1,970,000	3.60 - 5.125%	05/2025
Mississippi Development Bank Special Obligation Bonds, Series 2006 (Tunica County, Mississippi General Obligation Refunding Bond Project)	4,755,000	5.00 - 5.35%	07/2026
Mississippi Development Bank Special Obligation Bonds, Series 2010A (Tunica County, Mississippi General Obligation Industrial Development Bond Project)	3,400,000	2.60 - 6.25%	06/2030
Mississippi Development Bank Special Obligation Bonds, Series 2010B (Tunica County, Mississippi General Obligation Airport Bond Project)	1,500,000	3.00 - 4.50%	06/2030
Mississippi Development Bank Special Obligation Bonds, Series 2010 (Tunica County, Mississippi General Obligation Refunding Bond Project)	<u>9,640,000</u>	3.00 - 4.00%	12/2023
Total General Obligation Bonds	<u>\$ 28,680,000</u>		
B. Other Loans:			
Water improvements CAP loan	\$ 59,571	4.00%	09/2012
Capital projects promissory note	1,465,550	variable	05/2030
Mississippi recreational facilities	4,940,000	variable	09/2023
CAP Loan	4,000,000	variable	09/2026
MS major economic impact	<u>15,100,000</u>	0.00%	09/2032
Total Other Loans	<u>\$ 25,565,121</u>		
C. Capital Leases:			
GPS Industries	\$ 117,003	6.60%	12/2013

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

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
2012	\$ 1,540,000	\$ 1,191,421	\$ 642,410	\$ 369,408
2013	1,790,000	1,128,065	1,395,984	377,972
2014	1,860,000	1,057,078	1,417,918	359,633
2015	1,935,000	982,266	1,440,063	342,720
2016	2,005,000	911,264	1,467,425	319,050
2017-2021	11,290,000	3,333,172	7,740,638	1,226,485
2022-2026	6,775,000	1,209,370	6,665,379	529,500
2027-2031	1,485,000	218,285	4,040,304	18,641
2032	-	-	755,000	-
Total	\$ 28,680,000	\$ 10,030,921	\$ 25,565,121	\$ 3,543,409

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, 2011, the amount of outstanding debt was equal to 13.59% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2011:

	Balance at Oct. 1, 2010	Additions	Deletions	Balance at Sept. 30, 2011	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds payable	\$ 29,795,000	\$ -	\$ 1,115,000	\$ 28,680,000	\$ 1,540,000
Plus deferred amounts:					
Bond premium	202,103	-	13,572	188,531	-
Bond discounts	(55,604)	-	(3,588)	(52,016)	-
Other loans	6,910,923	19,100,000	445,802	25,565,121	642,410
Leases payable	163,764	-	46,761	117,003	49,942
Compensated absences	546,470	-	7,355	539,115	-
Total	\$ 37,562,656	\$ 19,100,000	\$ 1,624,902	\$ 55,037,754	\$ 2,232,352

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

The following is a summary of changes in long-term liabilities and obligations for the component units for the year ended September 30, 2011:

	<u>Balance at Oct. 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Sept. 30, 2011</u>	<u>Amounts Due Within One Year</u>
Component Units:					
Bonds payable:					
General obligation bonds payable	\$ 17,707,352	\$ 9,905,750	\$ 11,278,010	\$ 16,335,092	\$ 1,511,205
Other loans	249,445	-	126,653	122,792	122,792
Total	<u>\$ 17,956,797</u>	<u>\$ 9,905,750</u>	<u>\$ 11,404,663</u>	<u>\$ 16,457,884</u>	<u>\$ 1,633,997</u>

(11) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit in fund balance at September 30, 2011:

<u>Fund</u>	<u>Deficit Amount</u>
Law Library	\$ 3,495

(12) Contingencies.

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

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

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

No commitment debt is repaid only by the entities for 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, 2011</u>
Tax increment financing bonds	\$ 850,000

(14) No Commitment Debt (Included in Financial Statements).

As of September 30, 2011, Tunica County entered into a CAP Loan agreement for \$4 million and a Major Economic Impact Loan for \$15.1 million with Mississippi Development Authority to construct a building and related

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

infrastructure for Schulz Xtruded Products. The County also entered into a lease agreement with Schulz Xtruded Products, whereby lease payments will supply the annual debt service required by the loans. Upon repayment of the loans, ownership of the acquired facilities transfers to Schulz Xtruded Products. The County is not obligated in any manner for repayment of the loans. However, the loans are reported as liabilities in the accompanying financial statements.

(15) 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 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 \$325,720. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

(16) 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 \$340,911 for the support for the district in fiscal year 2011.

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 \$397,197 for support of the district in the fiscal year 2011.

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 \$395,335 for maintenance and support of the college in the fiscal year 2011.

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 \$309,923 for maintenance and support of the college in the fiscal year 2011.

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 \$375,000 for support of the agency in fiscal year 2011.

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 2011.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2011

(17) 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 9.00% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2011 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, 2011, 2010 and 2009 were \$1,338,803, \$1,394,168 and \$1,452,765 respectively, equal to the required contributions for each year.

(18) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Tunica County, Mississippi evaluated the activity of the county through June 28, 2012, (the date the financial statements were available to be issued), and determines that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

In December 2011, the County approved an additional \$2 million loan through the CAP Loan Program for building and infrastructure improvements related to the Schulz Project.

In February 2012, the County issued \$5,140,000 Series 2012 General Obligation Refunding Bonds to be repaid over 11 years with a variable rate. This issue refunding the Promissory Note (MS Loan Program – Tunica County, Mississippi Recreational Facilities Project).

TUNICA COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TUNICA COUNTY, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 2,312,500	\$ 2,315,508	\$ 2,313,542	\$ 3,008	\$ (1,966)
Licenses, commissions and other revenue	1,699,000	1,699,000	1,575,754	-	(123,246)
Fines and forfeitures	365,000	365,000	294,307	-	(70,693)
Intergovernmental revenues	26,288,875	27,551,609	24,982,447	1,262,734	(2,569,162)
Charges for services	290,000	290,000	209,871	-	(80,129)
Interest income	50,000	50,000	44,848	-	(5,152)
Miscellaneous revenues	57,200	57,200	129,629	-	72,429
Total Revenues	31,062,575	32,328,317	29,550,398	1,265,742	(2,777,919)
Expenditures					
General government	7,758,138	8,135,215	7,423,736	(377,077)	711,479
Public safety	9,393,747	9,781,044	9,316,574	(387,297)	464,470
Public works	2,132,397	3,159,385	3,257,104	(1,026,988)	(97,719)
Health and welfare	2,056,812	2,045,587	2,423,672	11,225	(378,085)
Culture and recreation	7,005,085	6,947,892	6,277,356	57,193	670,536
Education	107,516	107,516	107,516	-	-
Conservation of natural resources	670,033	673,474	429,104	(3,441)	244,370
Economic development and assistance	1,953,763	1,303,620	1,121,195	650,143	182,425
Debt service:					
Principal	1,477,602	1,822,102	1,560,650	(344,500)	261,452
Interest	1,482,970	1,477,970	1,223,476	5,000	254,494
Bond issue costs	-	-	-	-	-
Total Expenditures	34,038,063	35,453,805	33,140,383	(1,415,742)	2,313,422
Excess of Revenues over (under) Expenditures	(2,975,488)	(3,125,488)	(3,589,985)	(150,000)	(464,497)
Other Financing Sources (Uses)					
Compensation for loss of capital assets	30,000	30,000	619,611	-	589,611
Rent proceeds	750,000	750,000	711,737	-	(38,263)
Sale of assets	13,774	13,774	10,339	-	(3,435)
Operating transfers in	494,000	494,000	249,898	-	(244,102)
Operating transfer out	(694,000)	(544,000)	(285,898)	150,000	258,102
Total Other Financing Sources (Uses)	593,774	743,774	1,305,687	150,000	561,913
Net Changes in Fund Balances	(2,381,714)	(2,381,714)	(2,284,298)	-	97,416
Fund Balance - Beginning	2,381,714	2,381,714	4,860,049	-	2,478,335
Fund Balance - Ending	\$ -	\$ -	\$ 2,575,751	\$ -	\$ 2,575,751

TUNICA COUNTY, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Road Maintenance Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 4,000	\$ 4,000	\$ 6,178	\$ -	\$ 2,178
Road and bridge privilege tax	125,000	125,000	126,241	-	1,241
Intergovernmental revenues	3,265,734	3,265,734	3,494,338	-	228,604
Interest income	80,000	80,000	32,403	-	(47,597)
Miscellaneous revenues	-	-	138,605	-	138,605
Total Revenues	3,474,734	3,474,734	3,797,765	-	323,031
Expenditures					
Public works	7,474,734	7,474,734	3,190,776	-	4,283,958
Total expenditures	7,474,734	7,474,734	3,190,776	-	4,283,958
Excess of Revenues over (Under) Expenditures	(4,000,000)	(4,000,000)	606,989	-	4,606,989
 Net Changes in Fund Balances	 (4,000,000)	 (4,000,000)	 606,989	 -	 4,606,989
Fund Balance - Beginning	4,000,000	4,000,000	5,044,788	-	1,044,788
Fund Balance - Ending	\$ -	\$ -	\$ 5,651,777	\$ -	\$ 5,651,777

TUNICA COUNTY, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
North Tunica Fire Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Property taxes	\$ 916,200	\$ 916,200	\$ 914,429	\$ -	\$ (1,771)
Intergovernmental revenues	-	-	-	-	-
Interest income	-	-	-	-	-
Total Revenues	916,200	916,200	914,429	-	(1,771)
Expenditures					
Public safety	916,200	916,200	908,160	-	8,040
Total expenditures	916,200	916,200	908,160	-	8,040
Excess of Revenues over (Under) Expenditures	-	-	6,269	-	6,269
Net Changes in Fund Balances	-	-	6,269	-	6,269
Fund Balance - Beginning	-	-	(345)	-	(345)
Fund Balance - Ending	\$ -	\$ -	\$ 5,924	\$ -	\$ 5,924

TUNICA COUNTY, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2011

Notes to the Required Supplementary Information

(A) Budgetary Information.

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

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

(B) Basis of Presentation.

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

(C) Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Road Construction Fund	North Tunica Fire Fund
Budget (Cash Basis)	\$ (2,284,298)	\$ 606,989	\$ 6,269
Increase (Decrease)			
Net adjustments for revenue accruals	663,836	11,036	(6,246)
Net adjustments for expenditure accruals	-	-	-
GAAP Basis	<u>\$ (1,620,462)</u>	<u>\$ 618,025</u>	<u>\$ 23</u>



TUNICA COUNTY, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TUNICA COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U. S. Department of Commerce</u>			
Passed through Economic Development Administration			
* Economic Adjustment Assistance	11.307	04-01-06362	\$ 1,900,000
Total U.S Department of Commerce			<u>1,900,000</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Mississippi Development Authority			
Community Development Block Grants/State's program	14.228	09-072-ED-01	1,639,606
* Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09SP-MS-0209	556,542
Total U.S Department of Housing and Urban Development			<u>2,196,148</u>
<u>U.S. Department of Justice</u>			
Direct program through Department of Justice			
* ARRA-Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0519	118,865
Passed through Division of Public Safety Planning			
Juvenile Accountability Block Grants	16.523	09JB1721	12,655
Victims of Crime Program	16.575	10VA1721	7,807
Total U.S Department of Justice			<u>139,327</u>
<u>U. S. Department of Transportation</u>			
Direct program through Federal Aviation Administration			
* Airport Improvement Program (Note B)	20.106	3-28-0069-016-2010	252,281
* Airport Improvement Program (Note B)	20.106	3-28-0069-017-2011	1,262,734
Payments for Small Community Air Service Development (Note B)	20.930	3-28-0069-016-2010	215,479
Subtotal Direct program through Federal Aviation Administration			<u>1,730,494</u>
Passed through State of Mississippi Department of Public Safety			
Alcohol Open Container Requirements	20.607	11-TA-172-1	68,487
Total U.S. Department of Transportation			<u>1,798,981</u>
<u>Delta Regional Authority</u>			
Direct program through Delta Regional Authority			
Delta Area Economic Development Grant	90.201		210,228
Total Delta Regional Authority			<u>210,228</u>
<u>U.S. Department of Health and Human Services</u>			
Direct program through Department of Health and Human Services			
Social Services Block Grant	93.667	074WL01	137,324
Social Services Block Grant	93.667	074WL11A	42,349
Total U.S Department of Health and Human Services			<u>179,673</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State of Mississippi Emergency Management Agency			
* Disaster Grants - Public Assistance	97.036	1972	42,321
* Disaster Grants - Public Assistance	97.036	1983	268,137
Emergency Management Performance Grants	97.042	2010 EMPG	25,614
Subtotal Passed through State of Mississippi Emergency Management Agency			<u>336,072</u>
Passed through State of Mississippi Dept of Homeland Security			
Homeland Security Grant Program	97.067	08LE072T	60,651
Homeland Security Grant Program	97.067	09HS072T	42,000
Homeland Security Grant Program	97.067	S9LE072	59,355
Homeland Security Grant Program	97.067	A9LE072	39,387
Subtotal Passed through State of Mississippi Dept of Homeland Security			<u>201,393</u>
Total U.S Department of Homeland Security			<u>537,465</u>
Total for all Federal Awards			<u>\$ 6,961,822</u>

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 accrual basis of accounting.

Note B - Airport Improvement Program

Of the federal expenditures presented in the schedule, federal awards totaling \$467,760 went directly to the co-sponsor, Tunica County Airport Commission during the year ended September 30, 2011, and are not reflected in the county's revenues/expenditures.

* Denotes Major Federal Award Program

TUNICA COUNTY, MISSISSIPPI

SPECIAL REPORTS

TUNICA COUNTY, MISSISSIPPI

(This page left blank intentionally)



**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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2012. Our report includes a qualified opinion on the aggregate discretely presented component units due to Tunica County Arena and Exposition Center and 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 Public Projects, Inc., Tunica County Tourism Commission, or Tunica County Utility District, which represents 95.74 percent of assets, 95.03 percent of net assets, and 93.81 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The financial statements of Tunica County Public Projects, Inc. and Tunica County Tourism Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

Management of the county is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that is considered to be a significant deficiency.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 11-01 to be a material weakness.



A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 11-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 the County in the Limited Internal Control and Compliance Review Management Report, dated June 28, 2012, included within this document.

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, and 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
Hernando, Mississippi
June 28, 2012





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 ("the County") with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended September 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 11-03 and 11-04.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in a county's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned



functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-03 and 11-04. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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
Hernando, Mississippi
June 28, 2012





WILLIAMS • PITTS • BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

2042 McIngvale Road, Suite A
Hernando, MS 38632

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

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

Members of the Board of Supervisors
Tunica County, Mississippi

We have examined Tunica County, Mississippi ("the County") compliance with 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) and compliance with the purchasing requirement in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2011. The Board of Supervisors of Tunica County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountant and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirement. 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 current 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, the County complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2011.

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 examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of the County, 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
Hernando, Mississippi
June 28, 2012



TUNICA COUNTY

Schedule 1

**Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2011**

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, 2011

Schedule 2

Our test results did not identify any emergency purchases.



TUNICA COUNTY

Schedule 3

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2011**

Our test results did not identify any purchases made noncompetitively from a sole source.





LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tunica County, Mississippi

In planning and performing our audit of the financial statements of Tunica County, Mississippi, ("the County") for the year ended September 30, 2011, we considered the County'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 the County'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, 2012, on the financial statements of the County.

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 \$2.19 per day.

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

Sheriff's Response: I will continue to monitor food costs closely and research to find what is continuously causing the overage in food costs for the prisoners.

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: I will identify the cause of the weakness in our internal controls recording, reconciling and settlement functions and make all the necessary corrections.



Circuit Court Clerk

3. Finding: We noted that \$2,281 in certain Circuit Clerk's expenses that did not have proper documentation.

Recommendation: Proper documentation is required for expenses included in the Circuit Clerk's Internal Revenue Service Schedule C.

Circuit Court Clerk's Response:

I will work to keep all records and documentation in the future.

General Administration

4. Finding: Section 31-7-124, Miss Code Ann. (1972) requires an assistant receiving clerk or inventory clerk to be bonded for a penalty equal to \$50,000. We noted an assistant receiving clerk bonded for \$10,000.

Recommendation: The County should comply with Section 31-7-124, Miss Code Ann. (1972).

General Administration's Response: We will ensure all assistant receiving clerks and inventory clerks are bonded for the proper amount.

The County'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

Hernando, Mississippi

June 28, 2012



TUNICA COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

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>
Pipe Plant 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>Yes</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? Yes

(7) Federal programs identified as a major program:

Economic Adjustment Assistance,	CFDA # 11.307
Economic Development Initiative – Special Project,	
Neighborhood Initiative and Miscellaneous Grants	CFDA # 14.251
ARRA – Public Safety Partnership and Community Policing Grants	CFDA # 16.710
Airport Improvement Program,	CFDA # 20.106
Disaster Grants – Public Assistance	CFDA # 97.036

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

- | | |
|---|-------------------|
| (8) The dollar threshold used to distinguish between type A and type B programs: | \$ <u>300,000</u> |
| (9) Auditee qualified as a low-risk auditee? | _____ <u>No</u> |
| (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? | _____ <u>Yes</u> |

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

11-01. 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, related disclosures and Schedule of Federal Awards, 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 discovered and proposed adjusting journal entries to the financial statements. Also, lack of effective internal control over 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 cost benefits of providing for preparation of external financial statement by our personnel.

Significant Deficiency

11-02. 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.

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

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 – The administrative assistants will develop a daily spreadsheet listing the monies and receipt numbers of all monies turned into Parks and Recreation. In addition, a monthly spreadsheet will be developed listing all transactions through the Parks and Recreation Department.

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiencies

11-03. Federal Program –

ARRA – Public Safety Partnership and Community Policing Grants, CFDA No. 16.710, Pass-through No. 2009-RK-WX-0519, U.S. Department of Justice

Criteria or Specific Requirement – Federal regulations require that the County file a Section 1512 report 10 days after each calendar quarter (2 CFR section 176.210)

Questioned Costs – This finding did not result in any questioned costs.

Condition – The County has no controls in place to ensure compliance with the provisions of the U.S. Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement*.

Context – Section 1512 Reports were not timely filed for two calendar quarters.

Effect – The County is not adhering to program reporting requirements.

Cause – The County has no controls in place to ensure compliance with the provisions of the U.S. Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement*.

Recommendation – The County should review compliance requirements for all grant monies received and implement procedures to ensure adherence to the compliance requirements.

Response – Procedures are in place to ensure adherence to compliance requirements of federal grants.

11-04. Federal Program –

Disaster Grants – Public Assistance, CFDA No. 97.036, Pass-through Nos. 1972 and 1983, U.S. Department of Homeland Security

Criteria or Specific Requirement – Federal regulations require a Mississippi PA report filed after each calendar quarter for the Disaster Grants – Public Assistance.

Questioned Costs – This finding did not result in any questioned costs.

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

Condition – The County has no controls in place to ensure compliance with the provisions of the U.S. Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement*.

Context –Mississippi PA reports were not filed during any calendar quarters.

Effect – The County is not adhering to program reporting requirements.

Cause – The County has no controls in place to ensure compliance with the provisions of the U.S. Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement*.

Recommendation – The County should review compliance requirements for all grant monies received and implement procedures to ensure adherence to the compliance requirements.

Response – Procedures are In place to ensure adherence to compliance requirements of federal grants.



**AUDITEE'S CORRECTIVE ACTION PLAN AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**





TUNICA COUNTY

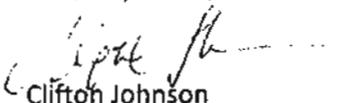
CLIFTON JOHNSON
County Administrator

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315 © of OMB Circular A-133, Tunica County Government hereby submits the following corrective action plan for the finding included in the Federal Award Findings and Questioned Costs for the Year Ended September 30, 2011.

Finding	Corrective Action Plan Details
11-03	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Name: Clifton Johnson Title: County Administrator Phone #: (662) 363-1465</p> <p>b. Corrective Action Planned: The County has implemented procedures to comply with all grant reporting requirements.</p> <p>c. Completion Date: June 4, 2012</p>
11-04	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Name: Clifton Johnson Title: County Administrator Phone #: (662) 363-1465</p> <p>b. Corrective Action Planned: The County has implemented procedures to comply with all grant reporting requirements.</p> <p>c. Completion Date: June 4, 2012</p>

Sincerely Yours,


Clifton Johnson
Tunica County Government
County Administrator





TUNICA COUNTY

CLIFTON JOHNSON
County Administrator

As required by the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement*, the Tunica County Government has prepared and hereby submits the following summary of schedule of prior audit finding as of May 9, 2012.

<u>Finding</u>	<u>Status</u>
10-03	The County has implemented procedures to ensure adherence to compliance requirements of grants in accordance with OMB Circular A-133.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifton Johnson", is written over a horizontal line.

Clifton Johnson, County Administrator
Tunica County Government

