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TUNICA COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013



WILLIAMS - PEELS - BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

TUNICA COUNTY, MISSISSIPPI

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TUNICA COUNTY, MISSISSIPPI

FINANCIAL SECTION

TUNICA COUNTY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Tunica County, Mississippi

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tunica County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 95.25 percent, 94.61 percent, and 90.81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely 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 from material misstatement. However, the financial statements of Tunica County Public Projects, Inc. and Tunica County Tourism Commission were not audited in accordance with *Government Auditing Standards*. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall

presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Tunica County Arena and Exposition Center, Tunica County Museum, Inc., Tunica National Public Improvements District, and Tunica County Healthcare Authority have not been audited, and we were not engaged to audit the Tunica County Arena and Exposition Center, Tunica County Museum, Inc., Tunica National Public Improvements District, and Tunica County Healthcare Authority financial statements as part of our audit of the County's basic financial statements. The Tunica County Arena and Exposition Center, Tunica County Museum, Inc., Tunica County Public Improvements District and Tunica County Healthcare Authority financial activities are included in the County's basic financial statements as discretely presented component units and represent 4.75 percent, 5.39 percent, and 9.19 percent of the assets, net position, and revenues, respectively, of the County's aggregate discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of Tunica County, Mississippi. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information for Tunica, County, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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 we 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.

Supplementary and Other Information

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

Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tunica County, Mississippi's internal control over financial reporting and compliance.

Williams, Pitts & Beard, PLLC
Williams, Pitts & Beard, PLLC
Hernando, Mississippi
September 5, 2014

TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

TUNICA COUNTY, MISSISSIPPI

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TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2013

The discussion and analysis of Tunica County's (referred to herein as the "County") financial performance provides an overall narrative review of Tunica County's financial activities for the year ended September 30, 2013. 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 position decreased (\$6,563,785), exclusive of the prior adjustments, which represents a 4.9% decrease from fiscal year 2012.
- General revenues account for \$33,037,185 in revenue, or 90% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,575,208 or 10% of total revenues.
- The County had \$43,176,178 in expenses; only \$3,575,208 of these expenses was offset by program specific charges for services, grants and contributions.
- Among major funds, the General Fund had \$27,095,412 in revenues and \$32,327,488 in expenditures. The General Fund's fund balance decreased \$(4,333,104) from the prior year due to the payment of bonds.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities. The statement of net position presents information on all the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 2013

The government-wide financial statements can be found on page 8-9 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 11 and 13, 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 10-13 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 fully insured 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 14-16.

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 Position and Statement of Changes in Fiduciary Net Position on pages 17-18.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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 21-38 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 41-44 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Cir. A-133 and can be found on page 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. Net position may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$127,589,562 as of September 30, 2013.

By far the largest portion of the County's net position (97%) 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 position at September 30, 2013:

	2013	2012
Current assets	\$ 33,553,522	\$ 44,975,240
Capital assets, net	156,117,625	159,677,453
Total assets	189,671,147	204,652,693
Current liabilities	6,820,299	10,091,072
Long-term debt outstanding	55,261,286	60,237,975
Total liabilities	62,081,585	70,329,047
Net assets:		
Net Investment in capital assets	123,659,475	124,232,496
Restricted	3,091,962	1,561,794
Unrestricted	838,125	8,529,356
Total net position	\$127,589,562	\$134,323,646

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2013

Changes in net position. The County's total revenues for the fiscal year ended September 30, 2013 were \$36,612,393. The total cost of all programs and services was \$43,176,178. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2013.

Revenues:	2013	2012
Program revenues		
Charges for services	\$ 2,460,654	\$ 2,457,613
Federal and state grants	1,114,554	1,990,725
General revenues		
Property taxes	6,703,601	3,216,373
Road and bridge privilege taxes	128,982	114,634
Rental Income	343,635	623,249
Gaming, grants and contributions not restricted to specific programs	24,680,853	26,114,990
Unrestricted interest income	215,111	234,400
Miscellaneous	965,003	2,034,247
Special item	-	(9,766,850)
Total revenues	36,612,393	27,019,381
Expenses:		
General Government	9,938,925	9,952,847
Public Safety	10,982,720	11,084,253
Public Works	9,467,201	9,715,348
Health & Welfare	2,322,596	2,955,701
Culture & Recreation	7,005,501	7,736,786
Education	86,013	86,013
Conservation of Natural Resources	640,192	403,431
Economic Development	1,051,568	790,260
Interest on Long-term debt	1,681,462	1,651,050
Total expenses	43,176,178	44,375,689
(Decrease) in net assets	\$ (6,563,785)	\$ (17,356,308)

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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.

	2013	2013	2012	2012
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
General government	\$ 9,938,925	\$ (7,436,565)	\$ 9,952,847	\$ (7,626,384)
Public safety	10,982,720	(10,060,985)	11,084,253	(9,409,673)
Public works	9,467,201	(9,316,088)	9,715,348	(9,614,011)
Health and welfare	2,322,596	(2,322,596)	2,955,701	(2,955,701)
Culture and recreation	7,005,501	(7,005,501)	7,736,786	(7,736,786)
Education	86,013	(86,013)	86,013	(86,013)
Conservation of natural resources	640,192	(640,192)	403,431	(403,431)
Economic development and assistance	1,051,568	(1,051,568)	790,260	(444,302)
Interest on long-term debt	1,681,462	(1,681,462)	1,651,050	(1,651,050)
Total expenses	\$ 43,176,178	\$ (39,600,970)	\$ 44,375,689	\$ (39,927,351)

Net cost of governmental activities \$(43,176,178) was financed by general revenue, which is made up of primarily property taxes \$6,703,601 and state and federal revenue and gaming revenue \$23,509,183 and also financed by beginning fund balance.

- Investment earnings accounted for \$62,442 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 \$3,659,125, a decrease of \$(5,965,597), excluding the prior period adjustment. \$443,488 or 12% 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 \$(4,333,104), excluding the prior period adjustment, and is a result of an increase in repayment of loans.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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 on pages 40-43.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2013, the County's total net capital assets were \$156,117,625, including county buildings, improvements other than buildings, other county vehicles, furniture, and equipment.

This amount represents a decrease of \$3,559,828. Total accumulated depreciation as of September 30, 2013 was \$109,795,424 and total depreciation expense for the year was \$6,867,041.

Additional information on the County's capital assets can be found in Note 8 of this report.

Debt Administration. At September 30, 2013, the County had \$56,270,191 (excluding loss on bond refunding) in long-term debt outstanding, of which \$3,340,189 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 12 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 increased in 2013. 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

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TUNICA COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2013

Exhibit 1

	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash	\$ 4,224,095	\$ 2,972,314
Cash with fiscal agent	247,797	-
Property tax receivable	3,289,741	-
Fines receivable (net of allowance for uncollectibles of \$2,092,466)	992,888	-
Intergovernmental receivables	2,030,926	196,166
Capital lease note receivable	21,201,416	-
Other receivables	364,443	1,152,726
Inventories and prepaid items	203,393	574,802
Deferred charges - debt issuance costs	998,823	257,465
Restricted assets	-	2,699,541
Capital assets:		
Land and construction in progress	8,334,378	-
Other capital assets, net	147,783,247	74,458,906
Total Assets	<u>189,671,147</u>	<u>82,311,920</u>
LIABILITIES		
Claims payable	2,430,969	1,232,331
Intergovernmental payables	475,191	-
Accrued interest payable	383,084	-
Unearned revenue	3,289,741	287,700
Other payables	241,314	278,918
Long-term liabilities		
Due within one year:		
Capital debt	3,340,189	1,611,371
Due in more than one year:		
Capital debt	51,318,200	11,783,063
Non-capital debt	602,897	-
Total Liabilities	<u>62,081,585</u>	<u>15,193,383</u>
NET POSITION		
Net Investment in capital assets	123,659,475	60,908,362
Restricted:		
Expendable:		
Debt service	105,251	-
Public safety	48,397	-
Public works	2,617,871	-
Unemployment compensation	56,388	-
Other purposes	60,662	2,682,976
Nonexpendable	203,393	-
Unrestricted	838,125	3,527,199
Total Net Position	<u>\$ 127,589,562</u>	<u>\$ 67,118,537</u>

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, 2013

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	\$ 9,938,925	\$ 2,108,090	\$ 394,270	\$ -	\$ (7,436,565)	\$ -
Public safety	10,982,720	352,564	390,981	178,190	(10,060,985)	-
Public works	9,467,201	-	-	151,113	(9,316,088)	-
Health and welfare	2,322,596	-	-	-	(2,322,596)	-
Culture and recreation	7,005,501	-	-	-	(7,005,501)	-
Education	86,013	-	-	-	(86,013)	-
Conservation of natural resources	640,192	-	-	-	(640,192)	-
Economic development and assistance	1,051,568	-	-	-	(1,051,568)	-
Interest on long-term debt	1,681,462	-	-	-	(1,681,462)	-
Total Governmental Activities	<u>\$ 43,176,178</u>	<u>\$ 2,460,654</u>	<u>\$ 785,251</u>	<u>\$ 329,303</u>	<u>\$ (39,600,970)</u>	<u>\$ -</u>
Component units:						
Airport Commission	\$ 4,520,542	\$ 1,560,707	\$ 315,320	\$ 59,010	\$ -	\$ (2,585,505)
Arena and Expo Center	858,486	848,406	-	-	-	(10,080)
Museum	376,796	-	-	-	-	(376,796)
Tunica National PID	-	-	-	-	-	-
Public Projects	2,307,775	1,096,032	-	-	-	(1,211,743)
Tourism Commission	3,758,072	859,684	762,156	-	-	(2,136,232)
Utility District	6,644,007	2,938,035	-	462,000	-	(3,243,972)
Healthcare Authority	281,646	1,086,334	-	-	-	804,688
Total Component Units	<u>\$ 18,747,324</u>	<u>\$ 8,389,198</u>	<u>\$ 1,077,476</u>	<u>\$ 521,010</u>	<u>\$ -</u>	<u>\$ (8,759,640)</u>
General revenues:						
Property taxes					6,703,601	3,622,360
Gaming revenue					23,509,183	-
Road and bridge privilege taxes					128,982	-
Grants and contributions not restricted to specific programs					1,171,670	1,690,219
Unrestricted interest income					215,111	10,211
Rental income					343,635	-
Miscellaneous					965,003	993,454
Total General Revenues and Transfers					<u>33,037,185</u>	<u>6,316,244</u>
Changes in Net Position					<u>(6,563,785)</u>	<u>(2,443,396)</u>
Net Position - Beginning					134,323,646	69,391,634
Prior period adjustment					<u>(170,299)</u>	<u>170,299</u>
Net Position - Beginning, as restated					<u>134,153,347</u>	<u>69,561,933</u>
Net Position-Ending					<u>\$ 127,589,562</u>	<u>\$ 67,118,537</u>

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

TUNICA COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Road Maintenance Fund	North Tunica Fire Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 1,241,982	\$ 2,667,811	\$ 1,596	\$ 74,639	\$ 3,986,028
Cash with fiscal agent	247,797	-	-	-	247,797
Property tax receivable	2,419,374	-	810,718	59,649	3,289,741
Accounts receivable (net of allowance for uncollectibles of \$319,795)	-	-	-	-	-
Fines receivable (net of allowance for uncollectibles of \$1,504,963)	992,890	-	-	-	992,890
Intergovernmental receivables	1,649,993	196,550	-	184,383	2,030,926
Other receivables	139,731	-	-	-	139,731
Due from other funds	-	8,824	847	17,760	27,431
Total Assets	\$ 6,691,767	\$ 2,873,185	\$ 813,161	\$ 336,431	\$ 10,714,544
LIABILITIES AND FUND BALANCES					
Claims payable	\$ 1,742,648	\$ 210,394	\$ -	\$ 75,810	\$ 2,028,852
Intergovernmental payables	440,915	32,181	1,596	499	475,191
Due to other funds	27,431	-	-	-	27,431
Unearned revenue	3,412,264	-	810,718	59,649	4,282,631
Other payables	228,575	12,739	-	-	241,314
Total Liabilities	5,851,833	255,314	812,314	135,958	7,055,419
Fund balances:					
Restricted for:					
Debt service	247,797	-	-	240,538	488,335
Public Safety	-	-	847	47,550	48,397
Public Works	-	2,617,871	-	-	2,617,871
Unemployment compensation	-	-	-	56,388	56,388
Assigned to:					
Public safety	4,646	-	-	-	4,646
Unassigned	587,491	-	-	(144,003)	443,488
Total Fund Balances	839,934	2,617,871	847	200,473	3,659,125
Total Liabilities and Fund Balances	\$ 6,691,767	\$ 2,873,185	\$ 813,161	\$ 336,431	\$ 10,714,544

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 Position
September 30, 2013

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,659,125
Amounts reported for governmental activities in the Statement of Net Position (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 \$109,795,424.	156,117,625
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable	992,888
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(55,261,286)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(383,084)
Items reported on the Statement of Net Position but not on the Governmental Funds include:	
Capital lease note receivable	21,201,416
Debt issuance costs	998,823
Prepaid items	203,393
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 Position.	<u>60,662</u>
Total Net Position - Governmental Activities	<u>\$ 127,589,562</u>

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

TUNICA COUNTY, MISSISSIPPI

Exhibit 4

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year ended September 30, 2013**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Road Maintenance Fund	North Tunica Fire Fund		
REVENUES					
Property taxes	\$ 2,256,142	\$ 3,626	\$ 814,334	\$ 3,629,499	\$ 6,703,601
Gaming revenue	20,711,326	2,797,857	-	-	23,509,183
Road and bridge privilege taxes	-	128,982	-	-	128,982
Licenses, commissions and other revenue	1,792,120	-	-	8,133	1,800,253
Fines and forfeitures	121,282	-	-	-	121,282
Intergovernmental revenues	1,259,360	544,883	-	481,981	2,286,224
Charges for services	242,564	-	-	110,000	352,564
Interest income	38,775	23,667	-	-	62,442
Miscellaneous revenues	673,843	-	-	-	673,843
Total Revenues	27,095,412	3,499,015	814,334	4,229,613	35,638,374
EXPENDITURES					
Current:					
General government	7,786,953	-	-	11,712	7,798,665
Public safety	9,470,703	-	813,639	610,064	10,894,406
Public works	2,127,720	5,401,459	-	237,649	7,766,828
Health and welfare	2,311,266	-	-	-	2,311,266
Culture and recreation	6,656,585	-	-	-	6,656,585
Education	86,013	-	-	-	86,013
Conservation of natural resources	642,334	-	-	-	642,334
Economic development and assistance	1,585,020	-	-	-	1,585,020
Debt service:					
Principal	1,280,587	-	-	2,150,000	3,430,587
Interest	208,778	-	-	1,184,779	1,393,557
Bond issue costs	171,529	-	-	-	171,529
Total Expenditures	32,327,488	5,401,459	813,639	4,194,204	42,736,790
Excess of (deficiency) of Revenues over (under) Expenditures	(5,232,076)	(1,902,444)	695	35,409	(7,098,416)
OTHER FINANCING SOURCES (USES)					
Refunding bond proceeds	9,510,000	-	-	-	9,510,000
Premium on bonds issued	620,086	-	-	-	620,086
Compensation for loss of capital assets	180,962	-	-	-	180,962
Rent proceeds	343,635	-	-	-	343,635
Sale of assets	1,731,911	110,198	-	-	1,842,109
Payment to bond refunding escrow agent	(11,245,098)	-	-	-	(11,245,098)
Discount on bonds issued	(118,875)	-	-	-	(118,875)
Operating transfers in	-	-	-	123,649	123,649
Operating transfers out	(123,649)	-	-	-	(123,649)
Total Other Financing Sources (Uses)	898,972	110,198	-	123,649	1,132,819
Net Changes in Fund Balance	(4,333,104)	(1,792,246)	695	159,058	(5,965,597)
Fund Balances - Beginning	7,642,097	4,410,117	152	(2,257,345)	9,795,021
Fund reclassification	(2,298,760)	-	-	2,298,760	-
Prior period adjustment	(170,299)	-	-	-	(170,299)
Fund Balances - Beginning (as restated)	5,173,038	4,410,117	152	41,415	9,624,722
Fund Balances - Ending	\$ 839,934	\$ 2,617,871	\$ 847	\$ 200,473	\$ 3,659,125

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

TUNICA COUNTY, MISSISSIPPI
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, 2013

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds (Exhibit 4)	\$ (5,965,597)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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 position differs from the change in fund balances by the amount that depreciation of \$(6,867,041) exceeded capital outlay of \$3,600,946 in the current period less deleted construction of \$(59,952).</p>	(3,326,047)
<p>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 position differs from the change in fund balances by the amount of the loss in the current period.</p>	(233,781)
<p>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.</p>	186,555
<p>Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$9,510,000 were less than debt repayments of \$14,675,685</p>	5,165,685
<p>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 position differs from the change in fund balances by a combination of the following items:</p>	
Change in accrued interest payable	(17,951)
Change in compensated absences	(37,898)
Additions (deletions) to:	
Deferred charges - bond issuance costs	171,529
Premiums on bonds	(620,086)
Discounts on bonds	118,875
The amortization of:	
Deferred charges - bond issuance costs	(179,724)
Premiums on bonds	11,562
Discounts on bonds	(1,794)
Capital lease note receivable	(1,679,242)
<p>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.</p>	<u>(155,871)</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ (6,563,785)</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Net Position
Proprietary Fund
September 30, 2013

Exhibit 5

	Internal Service Fund
ASSETS	
Cash	\$ 238,067
Due from other funds	224,712
Total Current Assets	<u>\$ 462,779</u>
LIABILITIES	
Claims and judgments liability	\$ 402,117
Total Current Liabilities	<u>\$ 402,117</u>
NET POSITION	
Restricted for health insurance	\$ 60,662
Total Net Position	<u>\$ 60,662</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 Position
Proprietary Fund
For the Year Ended September 30, 2013

Exhibit 6

	Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 2,982,506
Total Operating Revenues	<u>2,982,506</u>
OPERATING EXPENSES	
Claims payments	2,176,439
Insurance premiums	961,938
Total Operating Expenses	<u>3,138,377</u>
Operating (Loss)	<u>(155,871)</u>
Changes in Net Position	(155,871)
Net Position - Beginning	<u>216,533</u>
Net Position -Ending	<u>\$ 60,662</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, 2013

Exhibit 7

	Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 2,757,794
Payments for claims	(2,200,000)
Payments for group insurance	(961,938)
Net Cash Used by Operating Activities	<u>(404,144)</u>
Net (Decrease) in Cash and Cash Equivalents	(404,144)
Cash and Cash Equivalents at Beginning of Year	642,211
Cash and Cash Equivalents at End of Year	<u>\$ 238,067</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating income (loss)	\$ (155,871)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other funds	(224,712)
Increase (decrease) in claims and judgments liability	(23,561)
Total adjustments	<u>(248,273)</u>
Net Cash (Used) by Operating Activities	<u>\$ (404,144)</u>

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

TUNICA COUNTY, MISSISSIPPI
Statement of Fiduciary Net Position
September 30, 2013

Exhibit 8

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 30,310	\$ 1,265,514
Intergovernmental receivables	-	3,684
Total Assets	<u>\$ 30,310</u>	<u>\$ 1,269,198</u>
LIABILITIES		
Amounts held in custody for others	\$ -	\$ 17,656
Due to other funds	-	224,712
Intergovernmental payables	-	1,026,830
Total Liabilities	<u>-</u>	<u>\$ 1,269,198</u>
NET POSITION		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,310</u>	
Total Net Position	<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 Position
For the Year Ended September 30, 2013

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 Position held in trust for:	
Individuals, organizations and other governments	-
Net Position - Beginning	30,310
Net Position - Ending	<u>\$ 30,310</u>

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

Exhibit 10

**TUNICA COUNTY, MISSISSIPPI
Combining Statement of Net Position - Component Units
For the Year Ended September 30, 2013**

	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	Tunica County Healthcare Authority	Total Component Units
ASSETS									
Current assets:									
Cash and investments	\$ 275,403	\$ 51,527	\$ 910,430	\$ -	\$ 260,644	\$ 1,254,757	\$ 32,355	\$ 187,198	\$ 2,972,314
Intergovernmental receivable	52,179	-	-	-	-	143,987	-	-	196,166
Other receivables	60,948	-	-	-	32,170	583,098	337,096	139,414	1,152,726
Debt issuance costs	-	-	-	-	-	-	257,465	-	257,465
Inventories and prepaid items	108,960	760	296,526	-	113,883	31,673	23,000	-	574,802
Restricted assets	7,874	-	-	218,809	-	-	2,472,858	-	2,699,541
Total Current Assets	505,364	52,287	1,206,956	218,809	406,697	2,013,515	3,122,774	326,612	7,853,014
Capital assets:									
Property, plant and equipment, net	39,717,379	-	2,104,956	-	268,418	870,538	31,497,615	-	74,458,906
Total Capital Assets	39,717,379	-	2,104,956	-	268,418	870,538	31,497,615	-	74,458,906
Total Assets	40,222,743	52,287	3,311,912	218,809	675,115	2,884,053	34,620,389	326,612	82,311,920
LIABILITIES									
Current Liabilities:									
Claims payable	111,449	48,961	4,506	-	250,346	186,127	610,013	20,929	1,232,331
Retainage payable	-	-	-	-	-	-	-	-	-
Deferred credits	62,046	-	-	-	225,654	-	-	-	287,700
Other payables	44,476	-	-	-	-	-	15,633	-	60,109
Due to bond holders	-	-	-	218,809	-	-	-	-	218,809
Current portion long-term debt	-	-	-	-	74,087	-	1,537,284	-	1,611,371
Total Current Liabilities	217,971	48,961	4,506	218,809	550,087	186,127	2,162,930	20,929	3,410,320
Long-term debt, net of current portion	-	-	-	-	125,028	-	11,658,035	-	11,783,063
Total Liabilities	217,971	48,961	4,506	218,809	675,115	186,127	13,820,965	20,929	15,193,383
NET POSITION									
Invested in capital assets	39,717,379	-	2,104,956	-	-	870,538	18,215,489	-	60,908,362
Restricted	50,118	-	160,000	-	-	-	2,472,858	-	2,682,976
Unrestricted	237,275	3,326	1,042,450	-	-	1,827,388	111,077	305,683	3,527,199
Total Net Position	\$ 40,004,772	\$ 3,326	\$ 3,307,406	\$ -	\$ -	\$ 2,697,926	\$ 20,799,424	\$ 305,683	\$ 67,118,537

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, 2013

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	Tunica County Healthcare Authority	Total Component Units
OPERATING REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,032,358	\$ 1,590,002	\$ -	\$ 3,622,360
Intergovernmental revenues	315,320	-	-	-	-	762,156	-	-	1,077,476
Charges for services	1,560,707	848,406	-	-	1,096,032	859,684	2,938,035	1,086,334	8,389,198
Miscellaneous	202,298	-	9,527	-	673,126	22,000	-	86,503	993,454
Total Operating Revenues	2,078,325	848,406	9,527	-	1,769,158	3,676,198	4,528,037	1,172,837	14,082,488
OPERATING EXPENSES									
Contract services	-	-	2,070	-	1,387,374	545,225	3,900	81,634	2,020,203
Payroll and benefits	-	-	159,304	-	-	1,274,689	854,645	2,340	2,290,978
Other operating costs	-	-	-	-	435,562	-	1,993,197	120,026	2,548,785
Equipment leases	-	-	-	-	76,819	-	-	5,567	82,386
Rent expense	-	675,479	-	-	-	-	63,508	-	738,987
Advertising and promotion expense	-	468	2,762	-	-	1,884,440	-	2,762	1,890,432
Cost of sales	782,308	179,016	4,206	-	342,486	-	-	-	1,308,016
General and administrative	1,474,038	3,523	89,172	-	-	-	-	69,317	1,636,050
Depreciation	2,264,196	-	118,697	-	65,534	53,718	3,033,074	-	5,535,219
Interest expense	-	-	585	-	-	-	652,923	-	653,508
Bond issue cost amortization	-	-	-	-	-	-	42,760	-	42,760
Total Operating Expenses	4,520,542	858,486	376,796	-	2,307,775	3,758,072	6,644,007	281,646	18,747,324
Operating income (loss)	(2,442,217)	(10,080)	(367,269)	-	(538,617)	(81,874)	(2,115,970)	891,191	(4,664,836)
NON-OPERATING REVENUE AND (EXPENSE)									
Interest income	331	\$ 92	5,990	-	-	3,533	265	-	10,211
Intergovernmental revenues	59,010	-	-	-	-	-	462,000	-	521,010
Allocation from (to) Tunica County	573,440	-	217,498	-	538,617	-	1,116,471	(755,807)	1,690,219
Total Non-operating Revenue and Expense, Net	632,781	92	223,488	-	538,617	3,533	1,578,736	(755,807)	2,221,440
Change in net position	(1,809,436)	(9,988)	(143,781)	-	-	(78,341)	(537,234)	135,384	(2,443,396)
Net Position - Beginning	41,814,208	13,314	3,451,187	-	-	2,776,267	21,336,658	170,299	69,391,634
Prior period adjustment	-	-	-	-	-	-	-	-	170,299
Net Position - Beginning, as restated	41,814,208	13,314	3,451,187	-	-	2,776,267	21,336,658	170,299	69,561,933
Total Net Position - Ending	\$ 40,004,772	\$ 3,326	\$ 3,307,406	\$ -	\$ -	\$ 2,697,926	\$ 20,799,424	\$ 305,683	\$ 67,118,537

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, 2013

(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.

Discretely Presented Component Units

The component unit's 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. Except for the Tunica County Arena and Exposition Center, Inc., 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 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 2008-2013.
- 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, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

- 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.
- Tunica County Healthcare Authority is a nonprofit hospital organized under the laws of the State of Mississippi pursuant to Mississippi Code 41-13-10 et seq., as amended. It is governed by five trustees who are appointed by the Tunica County Board of Supervisors. Its mission is to provide a compassionate environment for the delivery of quality healthcare to the Tunica County, Mississippi region throughout the life continuum, ensuring that the same level of care is afforded to all.

C. Basis of Presentation.

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

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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 as Other Governmental Funds.

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 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.

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 taxes that are restricted for North Tunica Fire District.

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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending or borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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 purchases and sales of capital assets during the year in accordance with the MS State Auditor's Office. Such treatment is acceptable and in accordance with Statement No. 34 of the Government Accounting Standards, Board. 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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

L. Deferred Outflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Statement of Net Position includes loss on bond refunding as deferred outflows of resources.

M. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness, not due within 12 months from the balance sheet date. 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 Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

N. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets – 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 position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed 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.

O. 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, 2013

P. 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.

Q. 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) Fund Reclassification.

The Pipe Plant Fund's beginning balance of \$(2,298,760) was reclassified from the Capital Projects Funds to a beginning fund balance of the General Fund as this project was completed at the end of the prior fiscal year.

(3) Changes in Accounting Standards.

Tunica County adopted GASB 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements NO. 14 and No. 34* clarifying the presentation of component units and their classification as discretely presented information. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was adopted during the fiscal year. This statement changed the source of guidance for accounting and financial reporting. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was adopted during the year ended September 30, 2013. Statement No. 63 added new classifications on the statements of position and changed net assets to net position. These statements did not significantly impact any amounts reported in the financial statements.

(4) Prior Period Adjustment.

The prior period adjustment of \$170,299 represents the equity of the Tunica County Healthcare Authority. This component unit was shown as a blended component unit in the prior year but is now being reported as a discretely presented component unit to more accurately present the primary government's financial position.

(5) Deposits and Investments

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$5,519,919 and the bank balance was \$5,713,031. 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").

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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.

(6) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Maintenance Fund	General Fund	\$ 8,824
North Tunica Fire Fund	General Fund	847
Other Governmental Funds	General Fund	17,760
Total		<u><u>\$ 27,431</u></u>

The receivables represent tax revenue collected but not settled until October, 2013. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental	General	\$ (123,649)
Total		<u><u>\$ (123,649)</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.

(7) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013 consisted of the following:

<u>Description</u>	<u>Amount</u>
Gaming Revenue (September)	\$ 1,651,280
Federal Grants	328,702
Ad Valorem Revenue (September)	50,944
Total Governmental Activities	<u><u>\$ 2,030,926</u></u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

(8) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2013:

	<u>Balance at Sept. 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Sept. 30, 2013</u>
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 6,566,008	\$ -	\$ -	\$ 6,566,008
Construction in progress	1,265,620	562,702	59,952	1,768,370
Total non-depreciable capital assets	<u>7,831,628</u>	<u>562,702</u>	<u>59,952</u>	<u>8,334,378</u>
<u>Depreciable capital assets:</u>				
Infrastructure	129,222,368	1,694,938	-	130,917,306
Buildings and improvements	88,928,077	-	-	88,928,077
Improvements other than buildings	22,074,608	-	-	22,074,608
Mobile equipment	10,340,051	984,847	851,779	10,473,119
Furniture and equipment	4,626,321	358,459	37,764	4,947,016
Leased equipment	238,545	-	-	238,545
Total depreciable capital assets	<u>255,429,970</u>	<u>3,038,244</u>	<u>889,543</u>	<u>257,578,671</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	65,943,048	3,359,022	-	69,302,070
Buildings and improvements	19,033,208	1,766,724	-	20,799,932
Improvements other than buildings	7,223,685	886,758	-	8,110,443
Mobile equipment	7,559,405	571,382	619,853	7,510,934
Furniture and equipment	3,652,994	240,204	35,909	3,857,289
Leased equipment	171,805	42,951	-	214,756
Total accumulated depreciation	<u>103,584,145</u>	<u>6,867,041</u>	<u>655,762</u>	<u>109,795,424</u>
Total depreciable capital assets, net	<u>151,845,825</u>	<u>(3,828,797)</u>	<u>233,781</u>	<u>147,783,247</u>
Governmental activities capital assets, net	<u>\$ 159,677,453</u>	<u>\$ (3,266,095)</u>	<u>\$ 293,733</u>	<u>\$ 156,117,625</u>

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

The following is a summary of the discretely presented component units' capital assets activity for the year ended September 30, 2013:

	Balance at Sept. 30, 2012	Additions	Deletions	Balance at Sept. 30, 2013
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,954,840	\$ -	\$ -	\$ 3,954,840
Construction in progress	4,478,482	1,652,743	85,060	6,046,165
Total non-depreciable capital assets	<u>8,433,322</u>	<u>1,652,743</u>	<u>85,060</u>	<u>10,001,005</u>
<u>Depreciable capital assets:</u>				
Infrastructure	68,363,384	85,060	-	68,448,444
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	4,732,885	256,183	24,310	4,964,758
Total depreciable capital assets	<u>123,825,034</u>	<u>341,243</u>	<u>24,310</u>	<u>124,141,967</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	37,216,822	4,733,327	-	41,950,149
Buildings and improvements	2,909,905	402,350	-	3,312,255
Improvements other than buildings	10,059,098	799	-	10,059,897
Mobile equipment	576,150	52,546	-	628,696
Furniture and equipment	3,411,184	346,197	24,312	3,733,069
Total accumulated depreciation	<u>54,173,159</u>	<u>5,535,219</u>	<u>24,312</u>	<u>59,684,066</u>
Total depreciable capital assets, net	<u>69,651,875</u>	<u>(5,193,976)</u>	<u>(2)</u>	<u>64,457,901</u>
Governmental activities capital assets, net	<u>\$ 78,085,197</u>	<u>\$ (3,541,233)</u>	<u>\$ 85,058</u>	<u>\$ 74,458,906</u>

Depreciation expense was charged to the following functions for the year ended September 30, 2013:

Governmental Activities:	Amount
General government	\$ 2,156,203
Public safety	368,977
Public works	3,816,636
Health and welfare	3,320
Culture and recreation	521,905
Total governmental activities depreciation expense	<u>\$ 6,867,041</u>

Commitments with respect to unfinished capital projects consisted of the following as of September 30, 2013:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Robinsonville Multi-Purpose Facility	\$ 921,564	June, 2014
Total	<u>\$ 921,564</u>	

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

(9) 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, 2013, to January 1, 2014. 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. Tunica County pays the premium on a single coverage policy for its 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 the County, 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 \$60,000, and the aggregate policy covers all submitted claims in excess of \$2,232,371.

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, 2013, the amount of these liabilities was \$402,117. 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
2011-2012	\$ 425,678	1,825,000	1,825,000	\$ 425,678
2012-2013	\$ 425,678	2,176,439	2,200,000	\$ 402,117

(10) Operating Leases.

As Lessee:

The County has entered into certain operating leases which do not give rise to property rights. Total costs for

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

such leases were \$24,850 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2014	\$ 10,250
Total Minimum Payments Required	\$ 10,250

(11) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Amount</u>
Leased equipment	\$ 238,545
Less: Accumulated depreciation	(214,756)
Leased Property Under Capital Leases	\$ 23,789

The following is a schedule by years of the total payments due as of September 30, 2013:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 13,723	\$ 150
Total	\$ 13,723	\$ 150

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2013:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	\$ 22,880,658
Total	\$ 22,880,658

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2013, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,149,521	\$ 164,989
2015	1,215,213	157,862
2016	998,792	150,518
2017	1,006,359	142,951
2018	1,014,157	135,154
2019-2023	5,196,302	550,249
2024-2028	5,430,049	316,502
2029-2033	4,191,023	62,727
Total	\$ 21,201,416	\$ 1,680,952

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

(12) Long-Term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
A. General Obligation Bonds:			
First Security Bank General Obligation Airport Improvement Bonds Series 2005	\$ 1,755,000	3.60 - 5.125%	05/2025
Mississippi Development Bank Special Obligation Bonds, Series 2010A (Tunica County, Mississippi General Obligation Industrial Development Bond Project)	3,275,000	2.60 - 6.25%	06/2030
Mississippi Development Bank Special Obligation Bonds, Series 2010B (Tunica County, Mississippi General Obligation Airport Bond Project)	1,440,000	3.00 - 4.50%	06/2030
Mississippi Development Bank Special Obligation Bonds, Series 2010 (Tunica County, Mississippi General Obligation Refunding Bond Project)	8,425,000	3.00 - 4.00%	12/2023
Mississippi Development Bank General Obligation Refunding Bonds, Series 2012	4,780,000	1.125 - 2.00%	09/2023
General Obligation Refunding Bonds, Series 2013	<u>9,510,000</u>	2.00 - 3.00%	07/2026
Total General Obligation Bonds	<u>\$ 29,185,000</u>		
B. Other Loans:			
Capital projects promissory note	\$ 1,299,529	variable	05/2030
MS Green Tech Loan	1,812,460	3.4447%	01/2032
Community Disaster Loan	3,000,000	1.00%	undetermined
CAP Loan	5,562,450	variable	09/2026
MS major economic impact	14,250,000	0.00%	09/2032
Total Other Loans	<u>\$ 25,924,439</u>		
C. Capital Leases:			
GPS Industries	<u>\$ 13,723</u>	6.60%	12/2013

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,190,000	\$ 1,006,723	\$ 1,136,466	\$ 260,577
2015	2,305,000	893,570	1,145,975	252,513
2016	2,385,000	824,993	1,155,782	238,098
2017	2,475,000	755,558	1,165,898	226,321
2018	2,540,000	682,198	1,176,331	214,171
2019-2023	12,460,000	2,218,913	6,043,591	874,661
2024-2028	4,045,000	617,563	6,300,527	507,546
2029-2033	785,000	68,290	4,799,869	109,486
Total	<u>\$ 29,185,000</u>	<u>\$ 7,067,808</u>	<u>22,924,439</u>	<u>\$ 2,683,373</u>
			<u>3,000,000</u>	
		Total	<u>\$ 25,924,439</u>	

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to 13.15% of the latest property assessments.

Advance Refunding - On April 17, 2013, the County issued \$9,510,000 General Obligation Refunding Bonds, Series 2013 with an average interest rate of 2.98% to advance refund \$11,330,000 of the following:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
\$11,000,000 MS Development Bank Special Obligation Bonds, Series 2004	4.22%	\$6,800,000
\$ 5,140,000 MS Development Bank Special Obligation Bonds, Series 2006	4.96%	\$4,530,000

The county advance refunded the above bonds to reduce its total debt service payment over the next 13 years by almost \$2,072,566 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,883,568.

EMA Loan - The County entered into a loan agreement with the Federal Emergency Management Agency on October 14, 2011, for \$3,000,000 at 1% interest, for the loss in revenue related to the floods in 2011. There is no term or scheduled payments associated with this agreement. Pursuant to Section 417 of the Stafford Relief and Emergency Assistance Act, the principal and interest may be cancelled upon meeting certain criteria for continued non-recovery of revenues.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance at Sept. 30, 2012	Additions	Deletions	Balance at Sept. 30, 2013	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 564,999	\$ 37,898	\$ -	\$ 602,897	\$ -
General obligation bonds payable	32,280,000	9,510,000	12,605,000	29,185,000	2,190,000
Less:					
Deferred amt on refunding		(1,008,905)	-	(1,008,905)	
Discounts	(48,428)	(118,875)	(48,428)	(118,875)	-
Add:					
Premiums	222,655	620,086	179,734	663,007	-
Other loans	27,151,686	(100,000)	1,127,247	25,924,439	1,136,466
Capital leases	67,063	-	53,340	13,723	13,723
Total	\$ 60,237,975	\$ 8,940,204	\$ 13,916,893	\$ 55,261,286	\$ 3,340,189

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.

The following is a summary of changes in long-term liabilities and obligations for the component units for the year ended September 30, 2013:

	Balance at Sept. 30, 2012	Additions	Deletions	Balance at Sept. 30, 2013	Amounts Due Within One Year
Component Units:					
Bonds payable:					
General obligation bonds payable	\$ 12,959,365	\$ -	\$ 1,352,800	\$ 11,606,565	\$ 1,417,800
Other loans	1,854,815	46,000	112,946	1,787,869	193,571
Total	\$ 14,814,180	\$ 46,000	\$ 1,465,746	\$ 13,394,434	\$ 1,611,371

(13) Deficit Fund Balances of Individual Funds.

The following fund reported a deficit in fund balance at September 30, 2013:

<u>Fund</u>	<u>Deficit Amount</u>
Blues Museum	\$ 198,221
CDBG Sewer	14,000
Law Library	7,437

(14) 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.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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.

(15) 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</u> <u>Sept 30, 2013</u>
Tax increment financing bonds	\$ 850,000

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

As of September 30, 2013, Tunica County had outstanding a \$5,562,450 CAP Loan and a \$14,250,000 Major Economic Impact Loan with Mississippi Development Authority for a building and related infrastructure for Schulz Xtruded Products. The County has a capital lease agreement with Schulz Xtruded Products, whereby lease payments will supply the annual debt service required by the loans. Upon repayment of the loans, Schulz Xtruded Products has the option to purchase the facilities. 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.

(17) 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 \$294,720. Complete financial statements for the First Regional Library can be obtained from P.O. Box 386, Hernando, Mississippi 38632.

(18) 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 \$364,830 for the support for the district in fiscal year 2013.

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 \$370,638 for support of the district in the fiscal year 2013.

TUNICA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2013

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 \$368,208 for maintenance and support of the college in the fiscal year 2013.

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 \$588,014 for maintenance and support of the college in the fiscal year 2013.

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 \$426,922 for support of the agency in fiscal year 2013.

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 2013.

(19) 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% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$1,644,122, \$1,461,427 and \$1,338,803 respectively, equal to the required contributions for each year.

(20) Subsequent Events.

Events that occur after the Statement of Net Position 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 Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Tunica County, Mississippi evaluated the activity of the county through September 5, 2014, (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 2013 the County approved the application of \$1,000,000 of the receivable due from Schultz Xtruded Products to additional project costs upon completion of future phases.

On January 13, 2014 Tunica County issued General Obligation for \$850,000 to purchase land in connection with the construction of the Feuer Powertrain manufacturing plant.

In June 2014, the County approved applications of grants and loans in the amount of 11,500,000 and 6,260,000, respectively.

TUNICA COUNTY, MISSISSIPPI

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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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 2,268,501	\$ 2,268,501	\$ 2,254,366	\$ (14,135)
Gaming revenue	23,050,148	23,050,148	20,577,025	(2,473,123)
Licenses, commissions and other revenue	2,023,453	2,023,453	1,790,565	(232,888)
Fines and forfeitures	313,000	313,000	352,422	39,422
Intergovernmental revenues	400,625	400,625	1,159,914	759,289
Charges for services	170,000	170,000	239,382	69,382
Interest income	30,000	30,000	31,684	1,684
Miscellaneous revenues	2,167,277	3,255,140	1,847,120	(1,408,020)
Total Revenues	30,423,004	31,510,867	28,252,478	(3,258,389)
Expenditures				
General government	6,696,112	7,761,265	7,786,953	(25,688)
Public safety	9,175,106	9,888,106	9,470,703	417,403
Public works	1,150,496	1,150,496	2,127,720	(977,224)
Health and welfare	2,173,127	2,327,127	2,311,266	15,861
Culture and recreation	5,929,010	6,652,210	6,656,585	(4,375)
Education	86,013	86,013	86,013	-
Conservation of natural resources	1,703,184	1,694,331	642,334	1,051,997
Economic development and assistance	1,200,263	1,332,263	1,585,019	(252,756)
Debt service:				
Principal	1,156,532	1,326,532	1,280,587	45,945
Interest	208,778	208,778	208,778	-
Bond issue costs	-	-	171,529	(171,529)
Total Expenditures	29,478,621	32,427,121	32,327,487	99,634
Excess of Revenues over (under) Expenditures	944,383	(916,254)	(4,075,009)	(3,158,755)
Other Financing Sources (Uses)				
Loan proceeds	-	-	-	-
Refunding bond proceeds	-	-	9,510,000	9,510,000
Payment to bond refunding escrow agent	-	-	(11,245,098)	(11,245,098)
Premium on bonds issued	-	-	501,211	501,211
Compensation for loss of capital assets	-	-	180,962	180,962
Rent proceeds	-	-	343,635	343,635
Sale of assets	-	3,295,052	1,731,911	(1,563,141)
Operating transfers in	-	-	-	-
Operating transfer out	(457,115)	(1,891,530)	(123,649)	1,767,881
Total Other Financing Sources (Uses)	(457,115)	1,403,522	898,972	(504,550)
Net Changes in Fund Balances	\$ 487,268	\$ 487,268	(3,176,037)	\$ (3,663,305)
Fund Balance - Beginning			7,642,097	
Fund Balance - Ending			\$ 4,466,060	

The accompanying notes to the required supplementary information are an integral part of this schedule.

TUNICA COUNTY, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Road Maintenance Fund
For the Year Ended September 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 4,500	\$ 4,500	\$ 3,977	\$ (523)
Gaming revenue	2,955,000	2,955,000	2,779,789	(175,211)
Road and bridge privilege tax	125,000	125,000	128,187	3,187
Intergovernmental revenues	-	-	544,883	544,883
Interest income	15,000	15,000	23,667	8,667
Total Revenues	<u>3,099,500</u>	<u>3,099,500</u>	<u>3,480,503</u>	<u>381,003</u>
Expenditures				
Public works	<u>6,099,500</u>	<u>6,099,500</u>	<u>5,401,459</u>	<u>698,041</u>
Total expenditures	<u>6,099,500</u>	<u>6,099,500</u>	<u>5,401,459</u>	<u>698,041</u>
Excess of Revenues over (Under) Expenditures	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(1,920,956)</u>	<u>1,079,044</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	110,198	110,198
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>110,198</u>	<u>110,198</u>
Net Changes in Fund Balances	<u>\$ (3,000,000)</u>	<u>\$ (3,000,000)</u>	<u>(1,810,758)</u>	<u>\$ 1,189,242</u>
Fund Balance - Beginning			<u>4,410,117</u>	
Fund Balance - Ending			<u>\$ 2,599,359</u>	

The accompanying notes to the required supplementary information are an integral part of this schedule.

TUNICA COUNTY, MISSISSIPPI
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
North Tunica Fire Fund
For the Year Ended September 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 851,140	\$ 851,140	\$ 813,639	\$ (37,501)
Total Revenues	<u>851,140</u>	<u>851,140</u>	<u>813,639</u>	<u>(37,501)</u>
Expenditures				
Public safety	851,140	851,140	813,639	37,501
Total expenditures	<u>851,140</u>	<u>851,140</u>	<u>813,639</u>	<u>37,501</u>
Excess of Revenues over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning			<u>152</u>	
Fund Balance - Ending			<u>\$ 152</u>	

The accompanying notes to the required supplementary information are an integral part of this schedule.

TUNICA COUNTY, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2013

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:

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Road Maintenance Fund</u>	<u>North Tunica Fire Fund</u>
Budget (Cash Basis)	\$ (3,176,037)	\$ (1,810,758)	\$ -
Increase (Decrease)			
Net adjustments for revenue accruals	(1,157,066)	18,512	695
Net adjustments for expenditure accruals	<u>(1)</u>	<u>-</u>	<u>-</u>
GAAP Basis	<u>\$ (4,333,104)</u>	<u>\$ (1,792,246)</u>	<u>\$ 695</u>

TUNICA COUNTY, MISSISSIPPI

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TUNICA COUNTY, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TUNICA COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Mississippi Development Authority			
Community Development Block Grants/State's program	14.228	1126-09-072-ED-01	\$ 30,467
Total U.S. Department of Housing and Urban Development			<u>30,467</u>
<u>U.S. Department of Justice</u>			
Passed through Division of Public Safety Planning			
Crime Victim Assistance	16.575	11VA1721	30,820
Crime Victim Assistance	16.575	12VA1721	9,418
Total U.S. Department of Justice			<u>40,238</u>
<u>U. S. Department of Transportation</u>			
Direct program through Federal Aviation Administration			
Airport Improvement Program (Note B)	20.106	3-28-0069-018-2011	3,799
Airport Improvement Program (Note B)	20.106	3-28-0069-019-2012	50,260
Airport Improvement Program (Note B)	20.106	3-28-0069-020-2013	40,020
Subtotal Direct program through Federal Aviation Administration			<u>94,079</u>
Passed through State of Mississippi Department of Public Safety			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	13-KB-131-2	72,739
Total U.S. Department of Transportation			<u>166,818</u>
<u>Delta Regional Authority</u>			
Direct program through Delta Regional Authority			
Delta Area Economic Development Grant	90.201	MS-5392	90,000
Total Delta Regional Authority			<u>90,000</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Mississippi Department of Human Services			
Temporary Assistance for Needy Families	93.558	074WL21A	145,392
Social Services Block Grant	93.667	074V421	43,408
Total U.S. Department of Health and Human Services			<u>188,800</u>
<u>U.S. Department of Homeland Security</u>			
Direct program through Federal Emergency Management Agency			
* Community Disaster Loan	97.030	EMA-2012-LF-1972MS02	3,000,000
Subtotal Direct program through Federal Emergency Management Agency			<u>3,000,000</u>
Direct program through Transportation Security Administration			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0213HSLR206	14,600
Subtotal Direct program through Transportation Security Administration			<u>14,600</u>
Passed through State of Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	1604-486	81,153
Emergency Management Performance Grants	97.042	12EMPL00	23,310
Subtotal Passed through State of Mississippi Emergency Management Agency			<u>104,463</u>
Passed through State of Mississippi Department of Homeland Security			
* Homeland Security Grant Program	97.067	S10HS072T	39,665
* Homeland Security Grant Program	97.067	A9LE072T	3,114
* Homeland Security Grant Program	97.067	10LE072	11,854
* Homeland Security Grant Program	97.067	10LE072S	16,474
* Homeland Security Grant Program	97.067	A10HS072T	40,001
* Homeland Security Grant Program	97.067	10IC072T	46,007
* Homeland Security Grant Program	97.067	A10LE072	50,933
* Homeland Security Grant Program	97.067	11LE072S	101,502
* Homeland Security Grant Program	97.067	11LE072S	12,280
* Homeland Security Grant Program	97.067	11HS072T	26,258
Subtotal Passed through State of Mississippi Department of Homeland Security			<u>348,088</u>
Total U.S. Department of Homeland Security			<u>3,467,151</u>
Total for all Federal Awards			<u>\$ 3,983,474</u>

TUNICA COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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 \$94,079 went directly to the co-sponsor, Tunica County Airport Commission during the year ended September 30, 2013, and are not reflected in the county's revenues/expenditures.

Note C - Community Disaster Loan

The value of federal awards expended in the form of loans made to Tunica County as of September 30, 2013 is \$3,000,000.

* Denotes Major Federal Award Program

TUNICA COUNTY, MISSISSIPPI

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TUNICA COUNTY, MISSISSIPPI

OTHER INFORMATION

TUNICA COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013

<u>Position</u>	<u>Bond</u>
Supervisor District 1	\$ 100,000
Supervisor District 2	\$ 100,000
Supervisor District 3	\$ 100,000
Supervisor District 4	\$ 100,000
Supervisor District 5	\$ 100,000
County Administrator	\$ 100,000
Comptroller	\$ 100,000
Chancery Clerk	\$ 100,000
Purchase Clerk	\$ 75,000
Assistant Purchase Clerk	\$ 50,000
Payroll Clerk	\$ 50,000
Receiving Clerk	\$ 75,000
Deputy Receiving Clerk	\$ 10,000 *
Deputy Receiving Clerk	\$ 50,000
Deputy Receiving Clerk	\$ 50,000
Inventory Clerk	\$ 75,000
Assistant Inventory Clerk	\$ 10,000 *
Road Manager	\$ 50,000
Constable	\$ 50,000
Constable	\$ 50,000
Circuit Clerk	\$ 100,000
Sheriff	\$ 100,000
Justice Court Judge	\$ 50,000
Justice Court Judge	\$ 50,000
Justice Court Clerk	\$ 50,000
Deputy Justice Court Clerk	\$ 50,000
Deputy Justice Court Clerk	\$ 50,000
Deputy Justice Court Clerk	\$ 50,000
Deputy Justice Court Clerk	\$ 50,000
Tax Assessor/Collector	\$ 100,000

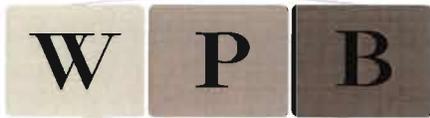
* See finding in the Limited Internal Control and Compliance Review Management Report

TUNICA COUNTY, MISSISSIPPI

SPECIAL REPORTS

TUNICA COUNTY, MISSISSIPPI

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WILLIAMS-PITTS-BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Tunica County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tunica County, Mississippi ("the County"), as of and for the year ended, September 30, 2013, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the County's basic financial statements, and we have issued our report thereon dated June 25, 2014. Our report includes a disclaimer of opinion on the aggregate discretely presented component units due to Tunica County Arena and Exposition Center, Tunica County Museum, Inc., Tunica National Public Improvements District, and Tunica County Healthcare Authority 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 represent 95.25 percent of assets, 94.61 percent of net position, and 90.81 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. 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

In planning and performing our audit of the financial statements, we considered Tunica County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 13-01 and 13-02 to be material weaknesses.

A significant deficiency is a deficiency or a 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 13-03 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*.

However, we noted certain matters that we reported to the management of Tunica County, MS in the Independent Auditor's Report on Limited Internal Control and Compliance Review Management Report, dated September 5, 2014, included within this document.

Tunica County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable 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
September 5, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Members of the Board of Supervisors
Tunica County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Tunica County, Mississippi's (the County) compliance 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 each of its major federal programs for the year ended September 30, 2013. Tunica County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Tunica County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Tunica County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tunica County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine

the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. A significant deficiency in internal control over compliance is a deficiency, or a 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable 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
September 5, 2014



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

Members of the Board of Supervisors
Tunica County, Mississippi

We have 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, 2013. 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 Accountants 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 requirements. 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, 2013.

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
September 5, 2014

TUNICA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
5/6/13	Limestone	25,991.53	Vulcan Material	Recommendation by the county engineer and approved by the Board of Supervisors.

TUNICA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

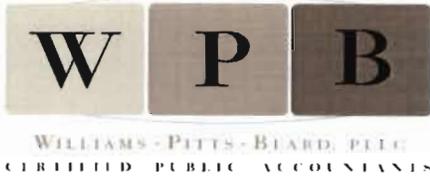
Schedule 2

Our test results did not identify any emergency purchases.

TUNICA COUNTY
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2013

Schedule 3

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tunica County, Mississippi

In planning and performing our audit of the financial statements of Tunica County, Mississippi, ("the County") for the year ended September 30, 2013, 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 25, 2014, 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 \$1.78 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 work diligently at reducing the cost to feed prisoners.

Circuit Court Clerk

2. Finding: We noted that certain Circuit Clerk's vendor and payroll payments received from Tunica County are not being posted to the fee journal.

Recommendation: All vendor and payroll payments should be included in the fee journal.

Circuit Court Clerk's Response: I will ensure all payments are posted in the fee journal in the future.

3. Finding: We noted that the Circuit Clerk is not properly settling all of the civil and criminal fees to the clearing/fee account.

Recommendation: All fees should be settled appropriately.

Circuit Court Clerk's Response: I will ensure all fees are settled appropriately to the fee account.

Chancery Clerk

4. Finding: We noted that the Chancery Clerk is including lunacy in payroll (based on the AG's opinion to Roy Noble, Jr. on March 10, 2000, effective July 1, 2000 lunacy case fees may no longer be included in payroll).

Recommendation: All lunacy fees should not be included in payroll.

Chancery Clerk's Response: We will set up a specific department for all lunacy clerks within the payroll department and all lunacy clerks payroll will be charged to such department.

5. Finding: We noted the deputy receiving clerk was bonded for \$10,000 instead of \$75,000 as required by Section 31-7-124, Miss. Code Ann. (1972), and the assistant inventory clerk was bonded for \$10,000 instead of \$50,000 per Section 31-7-124, Miss. Code Ann. (1972).

Recommendation: Ensure county officials are properly bonded according to Section 31-7-124.

Chancery Clerk's Response: We will have deputy receiving clerk bonded for \$75,000 and the assistant inventory clerk bonded for \$50,000 in accordance with Section 31-7-124, Miss Code Ann. (1972).

General

6. Finding: Section 25-3-41 describes timely return of receipts and balance of unspent funds of travel advances. An instance of a travel advance of \$729 has not been properly documented to the county administration by a county official.

Recommendation: Travel advances should be properly documented after the travel is complete.

Tunica County's Response: We will ensure travel advances are properly documented timely after travel is complete.

7. Finding: We noted no audit synopsis was published in the local paper; also no purchasing information would have been published with it.

Recommendation: Make sure that the previous year's audit synopsis has been published (Section 7-7-221) and that the purchasing information has been published with it. (Section 31-7-115)

Tunica County's Response: We will publish the audit synopsis including purchasing information in the local paper in accordance with Section 7-7-221 and Section 31-7-115, respectively of the Miss Code Ann. (1972).

8. Finding: We noted no evidence that depositories were selected only after advertising for bids (Section 27-105-305)

Recommendation: Make sure that depositories are selected only after advertising for bids.

Tunica County's Response: We will advertise for bids on all new depositories used by the County.

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
September 5, 2014

TUNICA COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TUNICA COUNTY, MISSISSIPPI

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TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

(1) Type of auditor's report issued on the financial statements:

Governmental activities	<u>Unmodified</u>
Aggregate discretely presented component units	<u>Disclaimer</u>
General Fund	<u>Unmodified</u>
Road Maintenance Fund	<u>Unmodified</u>
North Tunica Fire Fund	<u>Unmodified</u>
Aggregate remaining fund information	<u>Unmodified</u>

(2) Internal control over financial reporting:

(a) Material weakness identified?	_____ <u>Yes</u>
(b) Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>Yes</u>

(3) Noncompliance material to the financial statements noted: _____ No

Federal Awards:

(4) Internal control over major programs:

(a) Material weakness identified?	_____ <u>No</u>
(b) Significant deficiencies identified that are not considered to be material weaknesses?	<u>None noted</u>

(5) Type of auditor's report issued on compliance for major federal programs: Unmodified

(6) Any audit finding(s) reported as required by Section __.510 (a) of Circular A-133? _____ No

(7) Federal programs identified as a major program:

- * Homeland Security Grant Program, CFDA# 97.067
- * Community Disaster Loan, CFDA# 97.030

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

- | | |
|---|-------------------|
| (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>No</u> |

Section 2: Financial Statement Findings

Board of Supervisors

Material Weaknesses

- 13-01. 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 – The external auditors discovered and proposed adjusting journal entries to the financial statements. 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. Additionally, the County should evaluate the costs and benefits of providing for preparation of external financial statements and related disclosures by its personnel.

Response – The County will develop a process to ensure all material adjustments including accruals have been prepared and reviewed and properly recorded to the general ledger in a timely manner, so that the County can accurately prepare the financial statements.

- 13-02. Criteria – Fixed asset subsidiary ledgers should be reconciled to the general ledger at least on an annual basis.

Condition – The County failed to reconcile their subsidiary fixed assets ledger to the general ledger.

Effect – Material errors could exist and not be detected.

Cause – The County has not developed procedures or provided training to ensure all fixed assets purchased by the County are added to the subsidiary ledger.

TUNICA COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Recommendation –The County should develop internal control procedures to ensure all fixed assets purchased by the County and expensed as capital outlay are added to the subsidiary ledger and the appropriate depreciation is calculated.

Response – The County will develop a process to ensure all costs associated with fixed assets have been captured and recorded to the general ledger in a timely manner. Also, the County will prepare a fixed asset roll-forward to ensure all costs have been recorded in the proper category within fixed assets.

Significant Deficiency

13-03. Criteria – Administrator/Comptroller recorded general journal entries and reconciled bank statements with no separate review.

Condition – At year end the County’s administrator also served as controller, reconciling bank statements and making necessary journal entries with no observable evidence of review by another member of management or supervisor.

Effect – Material errors could exist without being detected.

Cause – The County has not developed procedures or provided staffing to insure proper segregation of duties.

Recommendation – The County should develop internal control procedures to property segregate the duties of reconciling banks and recording journal entries.

Response – The County will develop a process to ensure all journal entries are entered into the general ledger and reviewed and signed off by someone independent of the preparer of the journal entry.

Section 3: Federal Award Findings and Questioned Costs

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