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Tunica County School District
Audited Financial Statements
June 30, 2010

Fortenberry & Ballard, PC
Certified Public Accountants

**Tunica County School District
TABLE OF CONTENTS**

	PAGE #
FINANCIAL AUDIT REPORT	
Independent Auditor's Report on the Basic Financial Statements and Supplemental Information	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
FINANCIAL STATEMENTS	
Statement of Net Assets	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	26
Statement of Fiduciary Assets and Liabilities	27
Notes to the Financial Statements	29
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	48
Budgetary Comparison Schedule - Title I Grant Fund	49
Budgetary Comparison Schedule - Title I School Improvement	50
Budgetary Comparison Schedule - ARRA Title I Fund	51
Budgetary Comparison Schedule - Special Education Fund	52
Notes to the Required Supplemental Information	55
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	57
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	58
OTHER SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	60
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	61
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	
	71
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	75

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION

Superintendent and School Board
Tunica County School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2010, which collectively comprise the Tunica County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tunica County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of the Tunica County School District, as of June 30, 2010, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of the Tunica County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

AICPA & MSCPA

1929 Spillway Road, Suite B, Brandon, MS 39047, Telephone (601) 992-5292, Fax (601) 992-2033

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tunica County School District'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. In addition, the Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 13, 2010

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TUNICA COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Tunica County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets for 2010 increased \$1,178,947, including a prior period adjustment of (\$31,679), which represents a 4% increase from fiscal year 2009.
- General revenues amounted to \$20,933,761 and \$21,447,865, or 81% and 84% of all revenues for fiscal years 2010 and 2009, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,906,045, or 19% of total revenues for 2010, and \$4,184,124, or 16% of total revenues for 2009.
- The District had \$24,629,179 and \$25,395,964 in expenses for fiscal years 2010 and 2009; only \$4,906,045 for 2010 and \$4,181,124 for 2009 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$20,933,761 for 2010 and \$21,447,865 for 2009 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$19,654,246 in revenues and \$17,477,957 in expenditures for 2010, and \$20,798,501 in revenues and \$19,570,067 in expenditures for 2009. The General Fund's fund balance increased by \$1,437,241 from 2009 to 2010 and decreased by \$255,616 from 2008 to 2009.
- Capital assets, net of accumulated depreciation, decreased by \$635,927 for 2010 and decreased by \$481,537 for 2009. The decrease for 2010 was primarily due to the adjustment made to capital assets to eliminate the building below threshold as well as the increase in accumulated depreciation.
- Long-term debt decreased by \$19,677 for 2010 and decreased by \$743,533 for 2009. The decrease for 2010 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$2,538 for 2010 and decreased by \$13,075 for 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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 supplemental 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 District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

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

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

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 District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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 School District'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 District's current financing decisions. The governmental fund's Balance Sheet is reconciled to the Statement of Net Assets, and the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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 immediately following the basic financial statements.

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

The District adopts an annual operating budget for all governmental funds. Budgetary comparison schedules have been provided for the General Fund and each additional major special revenue fund.

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds can be found in this report.

Also, included in the other supplemental information section are the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years. This information is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$28,182,043 as of June 30, 2010.

The District'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.

Table 1 presents a summary of the District's net assets at June 30, 2010 and June 30, 2009.

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Current assets	\$ 7,260,465	5,531,905	31%
Capital assets, net	21,924,161	22,560,088	(3)%
Total assets	<u>29,184,626</u>	<u>28,091,993</u>	4%
Current liabilities	123,120	192,295	(36)%
Long-term debt	879,463	896,602	(2)%
Total liabilities	<u>1,002,583</u>	<u>1,088,897</u>	(8)%
Net assets:			
Invested in capital assets, net of related debt	21,924,161	22,442,006	(2)%
Restricted	1,002,359	641,866	56%
Unrestricted	5,255,523	3,919,224	34%
Total net assets	<u>\$ 28,182,043</u>	<u>27,003,096</u>	4%

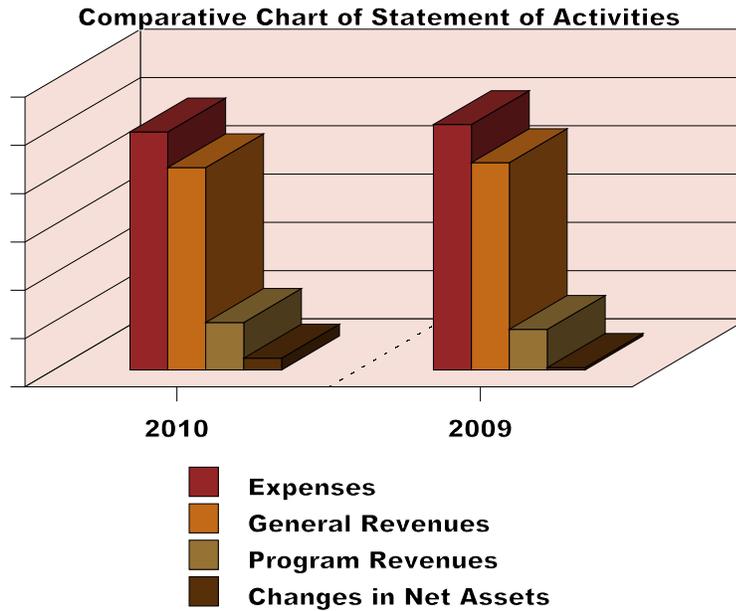
The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- Decrease in net capital assets in the amount of \$635,927.
- The principal retirement of \$364,077 of long-term debt.

Changes in net assets. The District's total revenues for the fiscal years ended June 30, 2010 and June 30, 2009 were \$25,839,806 and \$25,628,989, respectively. The total cost of all programs and services was \$24,629,179 for 2010 and \$25,395,964 for 2009. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 156,658	173,229	(10)%
Operating grants and contributions	<u>4,749,387</u>	<u>4,007,895</u>	19%
Total program revenues	<u>4,906,045</u>	<u>4,181,124</u>	17%
General Revenues:			
Property taxes	11,643,950	11,930,152	(2)%
Grants and contributions not restricted	9,105,391	9,333,618	(2)%
Unrestricted investment earnings	121,125	97,679	24%
Other	<u>63,295</u>	<u>86,416</u>	(27)%
Total general revenues	<u>20,933,761</u>	<u>21,447,865</u>	(2)%
Total revenues	<u>25,839,806</u>	<u>25,628,989</u>	1%
Expenses:			
Instruction	13,253,180	13,194,522	0%
Support services	9,426,596	10,304,058	(9)%
Non-instructional	1,922,239	1,857,127	4%
Interest on long-term liabilities	<u>27,164</u>	<u>40,257</u>	(33)%
Total expenses	<u>24,629,179</u>	<u>25,395,964</u>	(3)%
Increase (Decrease) in net assets	<u>1,210,627</u>	<u>233,025</u>	420%
Net Assets, July 1, as originally reported	27,003,096	26,770,071	1%
Prior period adjustment	<u>(31,679)</u>		
Net assets, July 1, as restated	<u>26,971,417</u>	<u>26,770,071</u>	1%
Rounding difference	<u>(1)</u>		
Net Assets, June 30	<u>\$ 28,182,043</u>	<u>27,003,096</u>	4%



Governmental activities. The following table presents the cost of four major District functional activities: instruction, support services, non-instructional and interest on long-term debt. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost represents the financial burden that was placed on the State and District's taxpayers by each of these functions.

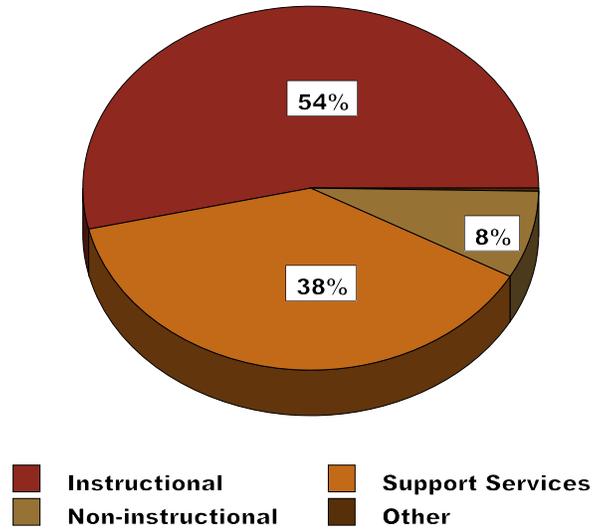
Table 3
Net Cost of Governmental Activities

	Total Expenses		
	2010	2009	Percentage Change
Instruction	\$ 13,253,180	13,194,522	0%
Support services	9,426,596	10,304,058	(9)%
Non-instructional	1,922,239	1,857,127	4%
Interest on long-term liabilities	27,164	40,257	(33)%
Total expenses	\$ 24,629,179	25,395,964	(3)%

Net (Expense) Revenue

		2010	2009	Percentage Change
Instruction	\$	(11,373,910)	(11,744,907)	(3)%
Support services		(7,990,143)	(9,168,594)	(13)%
Non-instructional		(331,917)	(261,082)	27%
Interest on long-term liabilities		(27,164)	(40,257)	(33)%
Total net (expense) revenue	\$	(19,723,134)	(21,214,840)	(7)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$19,723,134 for 2010 and \$21,214,840 for 2009) was financed by general revenue, which is primarily made up of property taxes (\$11,643,950 for 2010 and \$11,930,152 for 2009) and state and federal revenues (\$9,105,391 for 2010 and \$9,333,618 for 2009).
- Investment earnings amounted to \$121,125 for 2010 and \$97,769 for 2009.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7,149,363, an increase of \$1,789,162, which includes a decrease in inventory of \$379. \$6,338,628 or 89% of the fund balance represents unreserved and undesignated fund balance, which is available for spending at the District’s discretion. The remaining fund balance of \$810,735 or 11% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,437,241. The fund balance of Other Governmental Funds showed an increase in the amount of \$388,619, which includes a decrease in inventory of \$379.

The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Grant Fund	\$ (37,285)
Title I School Improvement	587
ARRA Title I Fund	no increase or decrease
Special Education Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

- Budgeted amounts for federal sources in the Title I Grant Fund were decreased to better reflect revenues received during the fiscal year. Amounts originally budgeted were overstated.

A schedule showing the original and final budget amounts compared to the District’s actual financial activity for the General Fund and major special revenue funds is provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2010, the District's total capital assets were \$32,117,902, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$124,314 from 2009. Total accumulated depreciation as of June 30, 2010 was \$10,193,741 and total depreciation expense for the year was \$807,600, resulting in total net capital assets of \$21,924,161.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Land	\$ 160,050	160,050	0%
Buildings	19,860,328	20,417,868	(3)%
Building improvements	472,006	496,850	(5)%
Improvements other than buildings	33,966	35,753	(5)%
Mobile equipment	1,306,794	1,366,714	(4)%
Furniture and equipment	91,017	82,853	10%
Total	<u>\$ 21,924,161</u>	<u>22,560,088</u>	<u>(3)%</u>

Additional information on the District's capital assets can be found in Note 4 included in this report.

Debt Administration. At June 30, 2010, the District had \$784,949 in outstanding long-term debt, of which \$368,486 is due within one year. The liability for compensated absences increased \$2,538 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 0	107,626	(100)%
Shortfall notes payable	784,949	686,544	14%
Other loans payable	0	10,456	(100)%
Compensated absences payable	94,514	91,976	3%
Total	<u>\$ 879,463</u>	<u>896,602</u>	<u>(2)%</u>

Additional information on the District's long-term debt can be found in Note 5 included in this report.

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state and federal revenues.

Enrollment for the 2009 - 2010 year decreased by 10% to 2,012 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Tunica County School District, Box 758, Tunica, MS 38676.

FINANCIAL STATEMENTS

TUNICA COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 6,176,712
<i>Due from other governments</i>	1,065,871
<i>Inventories</i>	17,882
<i>Capital asset, non-depreciable:</i>	
<i>Land</i>	160,050
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	19,860,328
<i>Building improvements</i>	472,006
<i>Improvements other than buildings</i>	33,966
<i>Mobile equipment</i>	1,306,794
<i>Furniture and equipment</i>	91,017
Total Assets	<u>29,184,626</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	58,950
<i>Due to other governments</i>	729
<i>Unearned revenue</i>	35,949
<i>Interest payable on long-term liabilities</i>	12,017
<i>Other payables</i>	15,475
Long-term liabilities (due within one year):	
<i>Non-capital related liabilities</i>	368,486
Long-term liabilities (due beyond one year)	
<i>Non-capital related liabilities</i>	510,977
Total Liabilities	<u>1,002,583</u>
Net Assets	
Invested in Capital Assets	21,924,161
Restricted Net Assets:	
Expendable:	
School Based Activities	221,523
Debt Service	724,529
Unemployment Purposes	56,307
Unrestricted	5,255,523
Total Net Assets	<u>\$ 28,182,043</u>

The accompanying notes are an integral part of this statement.

TUNICA COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
<i>Instruction</i>	13,253,180	62,133	1,817,137	(11,373,910)
<i>Support services</i>	9,426,596	--	1,436,453	(7,990,143)
<i>Noninstructional services</i>	1,922,239	94,525	1,495,797	(331,917)
<i>Interest on long-term liabilities</i>	27,164	--	--	(27,164)
Total Governmental Activities	<u>\$ 24,629,179</u>	<u>\$ 156,658</u>	<u>\$ 4,749,387</u>	<u>(19,723,134)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				7,633,173
<i>Gaming</i>				4,010,777
Unrestricted grants and contributions:				
<i>State</i>				8,373,565
<i>Federal</i>				731,826
<i>Unrestricted investment earnings</i>				121,125
<i>Other</i>				63,295
Total General Revenues				<u>20,933,761</u>
Change in Net Assets				<u>1,210,627</u>
Net Assets - Beginning, as originally reported				27,003,096
Prior Period Adjustment				(31,679)
Net Assets - Beginning as restated				<u>26,971,417</u>
Rounding difference				(1)
Net Assets - Ending				<u>\$ 28,182,043</u>

The accompanying notes are an integral part of this statement.

TUNICA COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Title I Grant Fund	Title I School Improvement Fund
Assets:			
<i>Cash and cash equivalents</i>	\$ 5,077,446	\$ 10,289	\$ 75
<i>Due from other governments</i>	412,302	10,632	587
<i>Due from other funds</i>	687,417	27,019	85,225
<i>Inventories</i>	--	--	--
Total Assets	\$ 6,177,165	\$ 47,940	\$ 85,887
Liabilities and Fund Balances:			
Liabilities:			
<i>Accounts payable and accrued liabilities</i>	\$ 42,009	\$ --	\$ --
<i>Due to other funds</i>	169	85,225	85,300
<i>Unearned revenue</i>	--	--	--
<i>Other payables</i>	--	--	--
Total Liabilities	42,178	85,225	85,300
Fund balances:			
Reserved for:			
<i>Inventory</i>	--	--	--
<i>Unemployment benefits</i>	--	--	--
<i>Debt service funds</i>	--	--	--
Unreserved:			
Undesignated, reported in:			
<i>General fund</i>	6,134,987	--	--
<i>Special Revenue funds</i>	--	(37,285)	587
Total Fund Balances	6,134,987	(37,285)	587
Total Liabilities and Fund Balances	\$ 6,177,165	\$ 47,940	\$ 85,887

The accompanying notes are an integral part of this statement.

ARRA Title I Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
\$ 45	\$ 136	\$ 1,088,723	\$ 6,176,714
76,355	224,747	103,152	827,775
--	629	32,500	832,790
--	--	17,882	17,882
<u>\$ 76,400</u>	<u>\$ 225,512</u>	<u>\$ 1,242,257</u>	<u>\$ 7,855,161</u>
\$ --	\$ 1,412	\$ 15,529	\$ 58,950
76,400	224,100	124,230	595,424
--	--	35,949	35,949
--	--	15,475	15,475
<u>76,400</u>	<u>225,512</u>	<u>191,183</u>	<u>705,798</u>
--	--	17,882	17,882
--	--	56,307	56,307
--	--	736,546	736,546
--	--	--	6,134,987
--	--	240,339	203,641
--	--	1,051,074	7,149,363
<u>\$ 76,400</u>	<u>\$ 225,512</u>	<u>\$ 1,242,257</u>	<u>\$ 7,855,161</u>

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TUNICA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010*

Total fund balances - governmental funds balance sheet	\$ 7,149,363
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	21,924,161
Liabilities due in one year are not recognized in the funds.	(368,486)
Payables for bond interest which are not due in the current period are not reported in the funds.	(12,017)
Payables for notes which are not due in the current period are not reported in the funds.	(416,463)
Payables for compensated absences not due in the current period are not reported in the funds.	(94,514)
Rounding difference	(1)
	<u> </u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 28,182,043</u>

The accompanying notes are an integral part of this statement.

TUNICA COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Title I Grant Fund	Title I School Improvement Fund
Revenues:			
Local sources	\$ 11,111,343	\$ --	\$ --
State sources	8,475,728	--	--
Federal sources	67,175	990,982	85,813
Total Revenues	<u>19,654,246</u>	<u>990,982</u>	<u>85,813</u>
Expenditures:			
Instruction	9,532,832	405,945	--
Support services	7,927,640	418,657	85,226
Noninstructional services	7,029	--	--
Debt service:			
Principal	10,456	--	--
Interest	--	--	--
Total Expenditures	<u>17,477,957</u>	<u>824,602</u>	<u>85,226</u>
Excess (Deficiency) of revenues over (under) Expenditures	<u>2,176,289</u>	<u>166,380</u>	<u>587</u>
Other Financing Sources (Uses):			
Proceeds of loans	344,400	--	--
Insurance loss recoveries	7,113	--	--
Transfers in	44,175	--	--
Other financing sources	46,664	--	--
Transfers out	(1,181,400)	(203,665)	--
Total Other Financing Sources (Uses)	<u>(739,048)</u>	<u>(203,665)</u>	<u>--</u>
Net change in fund balances	<u>1,437,241</u>	<u>(37,285)</u>	<u>587</u>
Fund Balances:			
July 1, 2009	4,697,746	--	--
Increase (decrease) in reserve for inventory	--	--	--
June 30, 2010	<u>\$ 6,134,987</u>	<u>\$ (37,285)</u>	<u>\$ 587</u>

The accompanying notes are an integral part of this statement.

ARRA Title I Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 828,420	\$ 11,939,763
--	--	511,946	8,987,674
<u>585,105</u>	<u>432,809</u>	<u>2,703,820</u>	<u>4,865,704</u>
<u>585,105</u>	<u>432,809</u>	<u>4,044,186</u>	<u>25,793,141</u>
530,983	258,453	1,996,143	12,724,356
28,352	164,154	812,477	9,436,506
18,348	480	1,815,243	1,841,100
--	--	353,621	364,077
--	--	35,738	35,738
<u>577,683</u>	<u>423,087</u>	<u>5,013,222</u>	<u>24,401,777</u>
<u>7,422</u>	<u>9,722</u>	<u>(969,036)</u>	<u>1,391,364</u>
--	--	--	344,400
--	--	--	7,113
--	--	1,400,846	1,445,021
--	--	--	46,664
<u>(7,422)</u>	<u>(9,722)</u>	<u>(42,812)</u>	<u>(1,445,021)</u>
<u>(7,422)</u>	<u>(9,722)</u>	<u>1,358,034</u>	<u>398,177</u>
<u>--</u>	<u>--</u>	<u>388,998</u>	<u>1,789,541</u>
--	--	662,455	5,360,201
--	--	(379)	(379)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,051,074</u>	<u>\$ 7,149,363</u>

TUNICA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010*

Net change in fund balances - total governmental funds	\$ 1,789,541
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	203,793
The depreciation of capital assets used in governmental activities is not reported in the funds.	(807,600)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(441)
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	353,621
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	10,456
(Increase) decrease in accrued interest from beginning of period to end of period.	8,574
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA.	(379)
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	(2,538)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(344,400)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 1,210,627</u>

The accompanying notes are an integral part of this statement.

TUNICA COUNTY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2010

	Agency Funds
Assets:	
<i>Cash and other deposits</i>	\$ 1,256,206
<i>Due from other funds</i>	729
Total Assets	\$ 1,256,935
Liabilities:	
<i>Accounts Payable & Accrued Liabilities</i>	\$ 1,009,634
<i>Due to student clubs</i>	9,206
<i>Due to other funds</i>	238,095
Total Liabilities	\$ 1,256,935

The accompanying notes are an integral part of this statement.

Tunica County School District

Notes to the Financial Statements
June 30, 2010

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Tunica County School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

The Tunica County School District Leasing Corporation ("The Corporation") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Corporation is governed by a Tunica County School District Leasing Corporation member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 10).

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Title I Grant Fund - This fund helps the school improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

Title I School Improvement - used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit improvement status.

ARRA Title I Fund - This is the school district's fund that accounts for the monies received from the Recovery Act and serves to fund remedial math and reading services to low-income, program eligible students.

Special Education Fund - This fund helps in assisting free appropriate public education to all children with disabilities.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The District's fiduciary funds include the Agency Funds, which are used to report resources held by the district in a purely custodial capacity.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

Permanent Funds - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

D. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in the *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

E. Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported as reservations of fund balances.

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Sections 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi, and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

	Capitalization Policy	Estimated Useful life
Land	\$ 0	0
Buildings	50,000	40 years
Building Improvements	25,000	20 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	*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required to do so by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/ Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following are descriptions of fund reserves used by the district:

Reserved for inventory - An account that represents a portion of the fund balance which indicates that inventories do not represent available spendable resources even though they are a component of net current assets.

Reserved for debt service - An account that represents that portion of fund balance in the Debt Service Fund which is legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for unemployment benefits - An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

Unreserved, undesignated - An account that represents the portion of fund balance that is expendable available financial resources.

(2) Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits are imposed by statutes as follows:

The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial instruments reported in the governmental funds and fiduciary funds was \$6,176,714 and \$1,256,206, respectively. The carrying amount of deposits reported in government-wide statements was: cash and cash equivalents \$6,176,712. The bank balance was \$8,259,100.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. 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 district. As of June 30, 2010, none of the district's bank balance of \$8,259,100 was exposed to custodial credit risk.

(3) Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	ARRA Title I Fund	\$ 76,400
	Special Education Fund	224,100
	Fiduciary Funds	238,095
	Title I School Improvement	85,300
	Other Governmental Funds	63,522
Title I School Improvement	Title I Grant Fund	85,225
Title I Grant Fund	Other Governmental Funds	27,019
Special Education Fund	Other Governmental Funds	629
Fiduciary Funds	Other Governmental Funds	729
Other Governmental Funds	General Fund	169
	Other Governmental Funds	32,331
Total		\$ <u><u>833,519</u></u>

The purpose of the most significant inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of normal year end closing adjustments.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,181,400
Title I Grant Fund	Other Governmental Funds	203,665
Special Education Fund	General Fund	9,722
ARRA Title I Fund	General Fund	7,422
Other Governmental Funds	General Fund	27,031
	Other Governmental Funds	15,781
Total		\$ <u>1,445,021</u>

Inter-fund transfers were made to provide funds for daily operations. All inter-fund transfers were routine and consistent with the fund making the transfer.

(4) Capital Assets

The following is a summary of changes in capital assets for governmental activities:

	Balance 7-1-2009	Additions	Retirements	Adjustments	Balance 6-30-2010
<u>Non-depreciable capital assets:</u>					
Land	\$ 160,050				160,050
Total non-depreciable capital assets	<u>160,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,050</u>
<u>Depreciable capital assets:</u>					
Buildings	26,977,578			(35,199)	26,942,379
Building improvements	621,061				621,061
Improvements other than buildings	44,692				44,692
Mobile equipment	3,234,841	164,318			3,399,159
Furniture and equipment	955,366	39,475	44,280		950,561
Total depreciable capital assets	<u>31,833,538</u>	<u>203,793</u>	<u>44,280</u>	<u>(35,199)</u>	<u>31,957,852</u>
<u>Less accumulated depreciation for:</u>					
Buildings	6,559,710	525,861		(3,520)	7,082,051
Building improvements	124,211	24,844			149,055
Improvements other than buildings	8,939	1,787			10,726
Mobile equipment	1,868,127	224,238			2,092,365
Furniture and equipment	872,513	30,870	43,839		859,544
Total accumulated depreciation	<u>9,433,500</u>	<u>807,600</u>	<u>43,839</u>	<u>(3,520)</u>	<u>10,193,741</u>
Total depreciable capital assets, net	<u>22,400,038</u>	<u>(603,807)</u>	<u>441</u>	<u>(31,679)</u>	<u>21,764,111</u>
Governmental activities capital assets, net	<u>\$ 22,560,088</u>	<u>(603,807)</u>	<u>441</u>	<u>(31,679)</u>	<u>21,924,161</u>

Adjustments to capital assets were made to eliminate a building below the capitalization threshold.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

Depreciation expense was charged to the following governmental functions:

		<u>Amount</u>
Instruction	\$	565,320
Support services		161,520
Non-instructional		80,760
Total depreciation expense	\$	<u><u>807,600</u></u>

(5) Long-term liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	Balance 7-1-2009	Additions	Reductions	Balance 6-30-2010	Amounts due within one year
A. Three mill notes payable	\$ 107,626		107,626	0	
B. Shortfall notes payable	686,544	344,400	245,995	784,949	368,486
C. Other loans payable	10,456		10,456	0	
D. Compensated absences payable	91,976	2,538		94,514	
Total	\$ 896,602	346,938	364,077	879,463	368,486

A. Three Mill Notes Payable

This debt was paid off during the year and retired from the TCS Debt Service Fund.

B. Short Fall Notes Payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Shortfall Note, Series 2007	5.81%	12-14-07	12-14-10	\$ 242,000	85,263
Shortfall Note, Series 2008	5.85%	12-12-08	12-12-11	520,700	355,286
Shortfall Note, Series 2009	4.50%	12-15-09	12-15-12	344,400	344,400
Total				\$ <u><u>1,107,100</u></u>	<u><u>784,949</u></u>

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2010

The following is a schedule by years of the total payments due on this debt:

1. Shortfall notes payable issue of 2007:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 85,263	4,954	90,217
Total	\$ <u>85,263</u>	<u>4,954</u>	<u>90,217</u>

This debt will be retired from the Debt Service Funds (Debt Service - 2008 Note Fund).

2. Shortfall notes payable issue of 2008:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 173,437	17,231	190,668
2012	<u>181,849</u>	<u>8,820</u>	<u>190,669</u>
Total	\$ <u>355,286</u>	<u>26,051</u>	<u>381,337</u>

This debt will be retired from the TCS Debt Service Fund.

3: Shortfall notes payable issue of 2009:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 109,786	15,498	125,284
2012	114,726	10,558	125,284
2013	<u>119,888</u>	<u>5,395</u>	<u>125,283</u>
Total	\$ <u>344,400</u>	<u>31,451</u>	<u>375,851</u>

This debt will be retired from the TCS Debt Service Fund.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

Total shortfall notes payable payments for all issues:

Year Ending June 30		Principal	Interest	Total
2011	\$	368,486	37,683	406,169
2012		296,575	19,378	315,953
2013		119,888	5,395	125,283
Total	\$	<u>784,949</u>	<u>62,456</u>	<u>847,405</u>

C. Other Loans Payable

This debt was paid off during the fiscal year and retired from the District Maintenance Fund.

D. Compensated absences payable

As more fully explained in Note 1(F)(7), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

(6) Defined Benefit Pension Plan

Plan Description. The school district 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2010 was 12.00% of the annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2010, 2009 and 2008 were \$1,661,001, \$1,736,108, and \$1,676,810, respectively, which equaled the required contributions for each year.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

(7) Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(8) Insurance Loss Recoveries

The Tunica County School District received \$7,113 in insurance loss recoveries related to three vehicular accidents involving school automobiles during the 2009-2010 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as expenditures and allocated among the expenditure function based on the percentage as follows:

	Insurance Loss Recoveries	Percentage	Expenditure Function
\$	1,209	17%	Instruction
	2,347	33%	Support services
	3,557	50%	Non-instructional
\$	<u>7,113</u>	<u>100%</u>	

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

(9) Subsequent Events

Events that occur after the statement of net assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the Tunica County School District evaluated the activity of the district through December 13, 2010, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

On December 10, 2011, the school district is planning on issuing \$327,115 in Shortfall notes payable, bearing interest at 2.40% annually, and maturing on December 10, 2013.

(10) Trust Certificates

A trust agreement dated September 10, 2003 was executed by and between the school district and Trustmark National Bank, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$1,500,000.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 5 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, equity, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2010

(11) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1. Adjustments were made to eliminate a building below the capitalization threshold.	\$ (31,679)
Total	<u>\$ (31,679)</u>

(12) Deficit Fund Balance of Individual Funds

The Title I Grant Fund has a deficit fund balance in the amount of \$37,285.

The deficit fund balance is in violation of Section 37-61-19, Miss. Code Ann. (1972). However, this deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

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REQUIRED SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2010

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 11,990,104	11,111,343	11,111,343	(878,761)	0
State sources	9,155,159	8,475,729	8,475,728	(679,430)	(1)
Federal sources	90,095	67,175	67,175	(22,920)	0
Total Revenues	<u>21,235,358</u>	<u>19,654,247</u>	<u>19,654,246</u>	<u>(1,581,111)</u>	<u>(1)</u>
Expenditures:					
Instruction	10,303,261	9,500,780	9,532,832	802,481	(32,052)
Support services	9,214,696	7,927,640	7,927,640	1,287,056	0
Noninstructional services	15,000	7,029	7,029	7,971	0
Debt service:					
Principal			10,456	0	(10,456)
Total Expenditures	<u>19,532,957</u>	<u>17,435,449</u>	<u>17,477,957</u>	<u>2,097,508</u>	<u>(42,508)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,702,401</u>	<u>2,218,798</u>	<u>2,176,289</u>	<u>516,397</u>	<u>(42,509)</u>
Other Financing Sources (Uses):					
Proceeds of loans		344,400	344,400	344,400	0
Insurance loss recoveries		7,113	7,113	7,113	0
Indirect costs	12,116	44,175		32,059	(44,175)
Transfers In	753,519	611,200	44,175	(142,319)	(567,025)
Miscellaneous other financing sources		46,664	46,664	46,664	0
Transfers Out	(2,239,080)	(1,792,600)	(1,181,400)	446,480	611,200
Total Other Financing Sources (Uses)	<u>(1,473,445)</u>	<u>(739,048)</u>	<u>(739,048)</u>	<u>734,397</u>	<u>0</u>
Net Change in Fund Balances	<u>228,956</u>	<u>1,479,750</u>	<u>1,437,241</u>	<u>1,250,794</u>	<u>(42,509)</u>
Fund Balances:					
July 1, 2009	<u>4,592,832</u>	<u>4,697,745</u>	<u>4,697,746</u>	<u>104,913</u>	<u>1</u>
June 30, 2010	<u>\$ 4,821,788</u>	<u>6,177,495</u>	<u>6,134,987</u>	<u>1,355,707</u>	<u>(42,508)</u>

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

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

Title I Grant Fund

For the Year Ended June 30, 2010

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,124,952	1,028,267	990,982	(96,685)	(37,285)
Total Revenues	<u>1,124,952</u>	<u>1,028,267</u>	<u>990,982</u>	<u>(96,685)</u>	<u>(37,285)</u>
Expenditures:					
Instruction	384,826	405,944	405,945	(21,118)	(1)
Support services	540,628	418,658	418,657	121,970	1
Total Expenditures	<u>925,454</u>	<u>824,602</u>	<u>824,602</u>	<u>100,852</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>199,498</u>	<u>203,665</u>	<u>166,380</u>	<u>4,167</u>	<u>(37,285)</u>
Other Financing Sources (Uses):					
Operating transfers out	(199,498)	(203,665)	(203,665)	(4,167)	0
Total Other Financing Sources (Uses)	<u>(199,498)</u>	<u>(203,665)</u>	<u>(203,665)</u>	<u>(4,167)</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>(37,285)</u>	<u>0</u>	<u>(37,285)</u>
Fund Balances:					
July 1, 2009			0	0	0
June 30, 2010	<u>\$ 0</u>	<u>0</u>	<u>(37,285)</u>	<u>0</u>	<u>(37,285)</u>

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

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule
 Title I School Improvement Fund
 For the Year Ended June 30, 2010

Exhibit 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$	85,226	85,813	85,226	587
Total Revenues	0	85,226	85,813	85,226	587
Expenditures:					
Support services		85,226	85,226	(85,226)	0
Total Expenditures	0	85,226	85,226	(85,226)	0
Excess (Deficiency) of Revenues over (under) Expenditures	0	0	587	0	587
Net Change in Fund Balances	0	0	587	0	587
Fund Balances:					
July 1, 2009				0	0
June 30, 2010	\$	0	587	0	587

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

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

ARRA Title I Fund

For the Year Ended June 30, 2010

Exhibit 4

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$	585,104	585,105	585,104	1
Total Revenues	0	585,104	585,105	585,104	1
Expenditures:					
Instructional		530,983	530,983	(530,983)	0
Support services		28,351	28,352	(28,351)	(1)
Noninstructional services		18,348	18,348	(18,348)	0
Total Expenditures	0	577,682	577,683	(577,682)	(1)
Excess (Deficiency) of Revenues over (under) Expenditures	0	7,422	7,422	7,422	0
Other Financing Sources (Uses):					
Transfers Out	0	(7,422)	(7,422)	(7,422)	0
Total Other Financing Sources (Uses)	0	(7,422)	(7,422)	(7,422)	0
Net Change in Fund Balances	0	0	0	0	0
Fund Balances:					
July 1, 2009				0	0
June 30, 2010	\$	0	0	0	0

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

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule
 Special Education Fund
 For the Year Ended June 30, 2010

Exhibit 5

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 454,357	432,810	432,809	(21,547)	(1)
Total Revenues	<u>454,357</u>	<u>432,810</u>	<u>432,809</u>	<u>(21,547)</u>	<u>(1)</u>
Expenditures:					
Instructional	262,128	258,454	258,453	3,674	1
Support services	187,522	164,154	164,154	23,368	0
Noninstructional services	1,000	480	480	520	0
Total Expenditures	<u>450,650</u>	<u>423,088</u>	<u>423,087</u>	<u>27,562</u>	<u>1</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>3,707</u>	<u>9,722</u>	<u>9,722</u>	<u>6,015</u>	<u>0</u>
Other Financing Sources (Uses):					
Transfers Out	<u>(3,707)</u>	<u>(9,722)</u>	<u>(9,722)</u>	<u>(6,015)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,707)</u>	<u>(9,722)</u>	<u>(9,722)</u>	<u>(6,015)</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
July 1, 2009	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2010	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

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Tunica County School District

Notes to the Required Supplemental Information
For the Year Ended June 30, 2010

Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the general fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title/	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 470,793
National School Lunch Program	10.555	1,016,395
Summer Food Service Program for Children	10.559	53,100
Total Child Nutrition cluster		1,540,288
Fresh Fruit and Vegetable Program	10.582	49,789
Subtotal:		49,789
Total passed-through the MDE		1,590,077
Total U.S. Department of Agriculture		1,590,077
 <u>U.S. Department of Defense</u>		
Direct Program		
Reserve Officers' Training Corps	12.xxx	63,930
Total U.S. Department of Defense		63,930
 <u>Federal Communications Commission</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of The Universal Service Fund	32.xxx	61,798
Total Federal Communications Commission		61,798
 <u>U. S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Cluster:		
Title I Grants to Local Educational Agencies	84.010	1,113,493
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	585,105
Total Title I Cluster		1,698,598
Career and Technical Education - Basic Grants to States	84.048	33,785
Safe and Drug - Free Schools and Communities - State Grants	84.186	23,904
State Grants for Innovative Programs	84.298	6,499
Education Technology State Grants	84.318	1,485
Improving Teacher Quality State Grants	84.367	175,688
School Improvement Grants	84.377	62,131
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	669,931
Subtotal		973,423
Special Education Cluster:		
Special Education - Grants to States	84.027	438,110
Special Education - Preschool Grants	84.173	15,125
ARRA - Special Education Grants to States, Recovery Act	84.391	55,963
Total Special Education Cluster		509,198
Total passed-through the MDE		3,181,219
Total U.S. Department of Education		3,181,219
 Total for All Federal Awards		 \$ 4,897,024

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and significant accounting policies, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

TUNICA COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2010

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 18,706,675	13,274,409	780,440	1,539,778	3,112,048
Other	5,695,102	2,003,586	270,494	38,035	3,382,987
Total	\$ <u>24,401,777</u>	<u>15,277,995</u>	<u>1,050,934</u>	<u>1,577,813</u>	<u>6,495,035</u>
Total number of students *	2,012				
Cost per student	\$ 12,127	7,593	522	784	3,228

NOTES TO SCHEDULE

1. Instruction and other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.
2. General Administration - includes expenditures for the following functions: Support Services - General Administration; Support Services - Business.
3. School Administration - includes expenditures for the following functions: Support Services - School Administration.
4. Other - includes all expenditure functions not included in Instruction or Administration categories.

* Total number of students - The ADA report submission for month 9, which is the final submission for the school year

OTHER SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 11,111,343	11,414,858	11,479,492	11,928,791
State sources	8,475,728	9,311,250	8,883,325	8,735,161
Federal sources	67,175	72,393	71,740	155,621
Total Revenues	<u>19,654,246</u>	<u>20,798,501</u>	<u>20,434,557</u>	<u>20,819,573</u>
Expenditures:				
Instruction	9,532,832	10,549,408	10,394,668	9,300,809
Support services	7,927,640	8,924,289	8,599,826	7,849,442
Noninstructional services	7,029	75,455	84,670	35,505
Debt service:				
Principal	10,456	20,915	20,915	20,915
Total Expenditures	<u>17,477,957</u>	<u>19,570,067</u>	<u>19,100,079</u>	<u>17,206,671</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,176,289</u>	<u>1,228,434</u>	<u>1,334,478</u>	<u>3,612,902</u>
Other Financing Sources (Uses):				
Proceeds of loans	344,400	520,700	242,000	163,000
Insurance loss recoveries	7,113		210	62,886
Sale of transportation equipment		1,980	1,127	1,060
Operating transfers in	44,175	11,886	17,963	
Other sources	46,664	41,584	30,456	34,112
Operating transfers out	(1,181,400)	(2,060,200)	(2,356,688)	(2,712,425)
Total Other Financing Sources (Uses)	<u>(739,048)</u>	<u>(1,484,050)</u>	<u>(2,064,932)</u>	<u>(2,451,367)</u>
Net Change in Fund Balances	<u>1,437,241</u>	<u>(255,616)</u>	<u>(730,454)</u>	<u>1,161,535</u>
Fund Balances:				
July 1, as originally reported	4,697,746	4,953,362	5,683,816	4,494,831
Prior period adjustment				27,450
July 1, as restated	<u>4,697,746</u>	<u>4,953,362</u>	<u>5,683,816</u>	<u>4,522,281</u>
June 30,	<u>\$ 6,134,987</u>	<u>4,697,746</u>	<u>4,953,362</u>	<u>5,683,816</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUNICA COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 11,939,763	12,245,892	12,026,782	12,478,944
Intermediate sources			85,206	388,821
State sources	8,987,674	9,953,610	9,680,558	9,232,169
Federal sources	4,865,704	3,387,903	3,331,128	3,481,310
Total Revenues	<u>25,793,141</u>	<u>25,587,405</u>	<u>25,123,674</u>	<u>25,581,244</u>
Expenditures:				
Instruction	12,724,356	12,647,823	12,387,193	11,337,784
Support services	9,436,506	10,382,343	10,127,724	9,325,053
Noninstructional services	1,841,100	1,857,460	1,763,106	1,608,041
Debt service:				
Principal	364,077	1,264,233	1,614,085	2,322,372
Interest	35,738	39,145	75,770	151,216
Other		1,021	2,904	3,276
Total Expenditures	<u>24,401,777</u>	<u>26,192,025</u>	<u>25,970,782</u>	<u>24,747,742</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,391,364</u>	<u>(604,620)</u>	<u>(847,108)</u>	<u>833,502</u>
Other Financing Sources (Uses):				
Proceeds of loans	344,400	520,700	242,000	163,000
Insurance loss recoveries	7,113		210	62,886
Sale of transportation equipment		1,980	1,127	1,060
Operating transfers in	1,445,021	2,247,395	2,571,339	3,040,633
Other sources	46,664	41,584	30,456	34,112
Operating transfers out	<u>(1,445,021)</u>	<u>(2,247,395)</u>	<u>(2,571,339)</u>	<u>(3,040,633)</u>
Total Other Financing Sources (Uses)	<u>398,177</u>	<u>564,264</u>	<u>273,793</u>	<u>261,058</u>
Net Change in Fund Balances	<u>1,789,541</u>	<u>(40,356)</u>	<u>(573,315)</u>	<u>1,094,560</u>
Fund Balances:				
July 1, as originally reported	5,360,201	5,402,156	5,978,901	4,850,975
Prior period adjustment			(660)	27,450
July 1, as restated			<u>5,978,241</u>	<u>4,878,425</u>
Increase (Decrease) in reserve for inventory	(379)	(1,599)	(2,770)	5,916
June 30,	<u>\$ 7,149,363</u>	<u>5,360,201</u>	<u>5,402,156</u>	<u>5,978,901</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

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REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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Certified Public Accountants

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

Superintendent and School Board
Tunica County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2010, which collectively comprise the Tunica County School District's basic financial statements and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district'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

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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 that are required to be reported under *Government Auditing Standards*.

However, we noted a certain immaterial instance of noncompliance or other matter that we reported to management of the school district in a separate letter dated December 13, 2010, which is included in this report.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 13, 2010

Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountants

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

Superintendent and School Board
Tunica County School District

Compliance

We have audited the compliance of the Tunica County School District 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 June 30, 2010. The Tunica County's School District's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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

In our opinion, the Tunica County School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Tunica County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Tunica County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 school district'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.

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

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 13, 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND
REGULATIONS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

Superintendent and School Board
Tunica County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2010, which collectively comprise Tunica County School District's basic financial statements and have issued our report thereon dated December 13, 2010. 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.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$8,305 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

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Finding 1

Management is responsible for establishing a proper internal control system to ensure proper financial accountability and reporting of all funds. During the course of our audit, we noted that one invoice received during the 2009 - 2010 fiscal year, was not paid within 45 days of receipt.

Recommendation:

Management should implement internal controls to require all invoices to be paid within 45 days of receipt.

Response:

The district will ensure all invoices are paid within 45 days of receipt.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to ensure that corrective action has been taken.

The Tunica County School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 13, 2010

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Tunica County School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unqualified.
2. Noncompliance material to financial statements noted? No.
3. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that is not considered to be material weakness(es)? None reported.

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified.
5. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Federal programs identified as major programs:
 - a. Child Nutrition Cluster:
CFDA # 10.553
CFDA # 10.555
CFDA # 10.559
 - b. Title I Cluster:
CFDA # 84.010
CFDA # 84.389
 - c. Special Education Cluster:
CFDA # 84.027
CFDA # 84.173
CFDA # 84.391
 - d. ARRA - State Fiscal Stabilization Fund, Recovery Act
CFDA # 84.394
8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statements Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section III: Federal Awards Findings and Questioned Costs

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