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Tunica County School District

Audited Financial Statements
June 30, 2011

Fortenberry & Ballard, PC
Certified Public Accountants

**Tunica County School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
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, 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District, as of June 30, 2011, 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 November 19, 2011, on our consideration of the Tunica County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to

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

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 and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 other 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 do not express an opinion or provide any assurance on it.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 19, 2011

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The following discussion and analysis of Tunica County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net assets for 2011 increased \$2,069,472, including a prior period adjustment of \$327,115, which represents a 7% increase from fiscal year 2010. 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 \$20,137,476 and \$20,933,761, or 79% and 81% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,500,844, or 21% of total revenues for 2011, and \$4,906,045, or 19% of total revenues for 2010.
- The District had \$23,895,963 and \$24,629,179 in expenses for fiscal years 2011 and 2010; only \$5,500,844 for 2011 and \$4,906,045 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$20,137,476 for 2011 and \$20,933,761 for 2010 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$19,031,448 in revenues and \$16,568,132 in expenditures for 2011, and \$19,654,246 in revenues and \$17,477,957 in expenditures for 2010. The General Fund's fund balance increased by \$2,320,844 from 2010 to 2011 and increased by \$1,437,241 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, decreased by \$368,879 for 2011 and decreased by \$635,927 for 2010. The decrease for 2011 was primarily due to the disposal of assets coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$41,370 for 2011 and decreased by \$19,677 for 2010. The decrease for 2011 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$14,906 for 2011 and increased by \$2,538 for 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplemental information, supplemental information, and other information.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Assets and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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, sixteenth section 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 - Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Assets, and the governmental funds 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 funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All 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. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplemental Information

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.

Other Information

Although not a required part of the basic financial statements, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$30,251,515 as of June 30, 2011.

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, 2011 and June 30, 2010.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Current assets	\$ 9,574,152	7,260,465	32%
Capital assets, net	21,555,282	21,924,161	(2)%
Total assets	<u>31,129,434</u>	<u>29,184,626</u>	7%
Current liabilities	54,732	123,120	(56)%
Long-term debt	823,187	879,463	(6)%
Total liabilities	<u>877,919</u>	<u>1,002,583</u>	(12)%
Net assets:			
Invested in capital assets, net of related debt	21,555,282	21,924,161	(2)%
Restricted	1,063,589	1,002,359	6%
Unrestricted	7,632,644	5,255,523	45%
Total net assets	<u>\$ 30,251,515</u>	<u>28,182,043</u>	7%

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 \$368,879.
- The principal retirement of \$368,485 of long-term debt.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$25,638,320 and \$25,839,806, respectively. The total cost of all programs and services was \$23,895,963 for 2011 and \$24,629,179 for 2010.

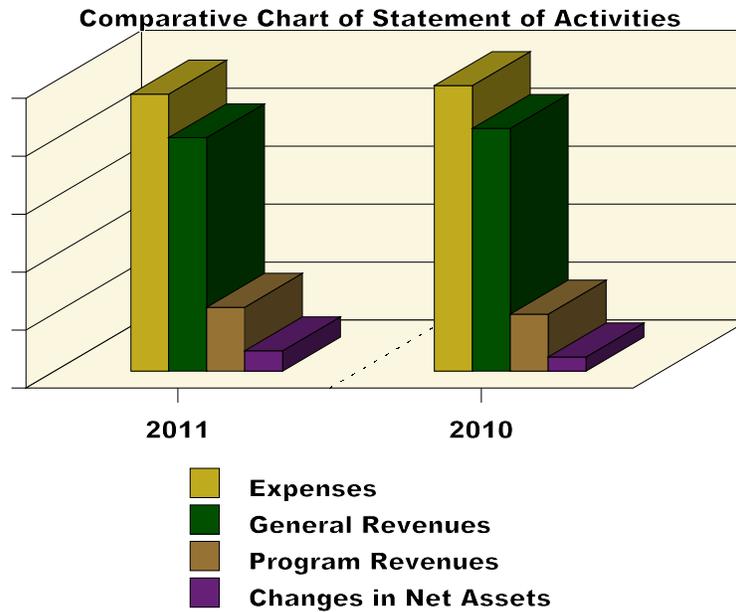
Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 178,412	156,658	14%
Operating grants and contributions	5,256,217	4,749,387	11%
Capital grants and contributions	<u>66,215</u>	<u> </u>	
Total program revenues	<u>5,500,844</u>	<u>4,906,045</u>	12%
General Revenues:			
Property taxes	11,013,829	11,643,950	(5)%
Grants and contributions not restricted	8,921,361	9,105,391	(2)%
Unrestricted investment earnings	155,151	121,125	28%
Other	<u>47,135</u>	<u>63,295</u>	(26)%
Total general revenues	<u>20,137,476</u>	<u>20,933,761</u>	(4)%
Total revenues	<u>25,638,320</u>	<u>25,839,806</u>	(1)%
Expenses:			
Instruction	12,666,549	13,253,180	(4)%
Support services	9,362,585	9,426,596	(1)%
Non-instructional	1,826,592	1,922,239	(5)%
Interest on long-term liabilities	<u>40,237</u>	<u>27,164</u>	48%
Total expenses	<u>23,895,963</u>	<u>24,629,179</u>	(3)%
Increase (Decrease) in net assets	<u>1,742,357</u>	<u>1,210,627</u>	44%
Net Assets, July 1, as originally reported	28,182,043	27,003,096	4%
Prior period adjustment	<u>327,115</u>	<u>(31,679)</u>	1133%
Net assets, July 1, as restated	<u>28,509,158</u>	<u>26,971,417</u>	6%
Rounding difference		<u>(1)</u>	(100)%
Net Assets, June 30	<u>\$ 30,251,515</u>	<u>28,182,043</u>	7%

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011



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 presents 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

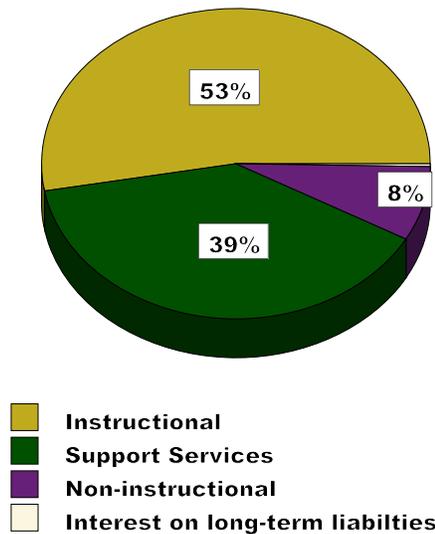
	Total Expenses		
	2011	2010	Percentage Change
Instruction	\$ 12,666,549	13,253,180	(4)%
Support services	9,362,585	9,426,596	(1)%
Non-instructional	1,826,592	1,922,239	(5)%
Interest on long-term liabilities	40,237	27,164	48%
Total expenses	\$ 23,895,963	24,629,179	(3)%

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Net (Expense) Revenue

	2011	2010	Percentage Change
Instruction	\$ (10,385,534)	(11,373,910)	(9)%
Support services	(7,759,502)	(7,990,143)	(3)%
Non-instructional	(209,846)	(331,917)	(37)%
Interest on long-term liabilities	(40,237)	(27,164)	48%
Total net (expense) revenue	\$ (18,395,119)	(19,723,134)	(7)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$18,395,119 for 2011 and \$19,723,134 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$11,013,829 for 2011 and \$11,643,950 for 2010) and state and federal revenues (\$8,921,361 for 2011 and \$9,105,391 for 2010).
- Investment earnings amounted to \$155,151 for 2011 and \$121,125 for 2010.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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, unassigned 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 \$9,533,991, an increase of \$2,384,628, which includes the increase in inventory of \$8. \$8,381,470 or 88% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,152,521 or 12% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

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 \$2,320,844. The fund balance of Other Governmental Funds showed an increase in the amount of \$83,815. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Food Service Fund	\$ (56,729)
Title I Grant Fund	37,285
Title I School Improvement	(587)

BUDGETARY HIGHLIGHTS

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

- Budget amounts for local and state sources revenues and expenditures in the General Fund were decreased. Original amounts were overestimated.
- Budget amounts for revenues and non-instructional expenditures were increased in the Food Service Fund. Original amounts were underestimated.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District's total capital assets were \$32,577,522, 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 \$459,620 from 2010. Total accumulated depreciation as of June 30, 2011, was \$11,022,240, and total depreciation expense for the year was \$840,501, resulting in total net capital assets of \$21,555,282.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Land	\$ 160,050	160,050	0%
Buildings	19,337,319	19,860,328	(3)%
Building improvements	447,164	472,006	(5)%
Improvements other than buildings	32,178	33,966	(5)%
Mobile equipment	1,233,063	1,306,794	(6)%
Furniture and equipment	345,508	91,017	280%
Total	<u>\$ 21,555,282</u>	<u>21,924,161</u>	<u>(2)%</u>

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

Debt Administration. At June 30, 2011, the District had \$823,187 in outstanding long-term debt, of which \$403,038 is due within one year. The liability for compensated absences decreased \$14,906 from the prior year.

Tunica County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Percentage Change</u>
Shortfall notes payable	\$ 743,579	784,949	(5)%
Compensated absences payable	79,608	94,514	(16)%
Total	<u>\$ 823,187</u>	<u>879,463</u>	<u>(6)%</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 2010 - 2011 year remained essentially the same - 2,013 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, 2011

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 8,745,451
Due from other governments	810,811
Inventories	17,890
Capital assets, non-depreciable:	
Land	160,050
Capital assets, net of accumulated depreciation:	
Buildings	19,337,319
Building improvements	447,164
Improvements other than buildings	32,178
Mobile equipment	1,233,063
Furniture and equipment	345,508
Total Assets	<u>31,129,434</u>
Liabilities	
Accounts payable and accrued liabilities	11,477
Due to other governments	729
Unearned revenue	27,955
Interest payable on long-term liabilities	14,571
Long-term liabilities (due within one year):	
Non-capital related liabilities	403,038
Long-term liabilities (due beyond one year)	
Non-capital related liabilities	420,149
Total Liabilities	<u>877,919</u>
Net Assets	
Invested in Capital Assets	21,555,282
Restricted For:	
Expendable:	
School Based Activities	279,606
Debt Service	722,974
Unemployment Purposes	61,009
Unrestricted	7,632,644
Total Net Assets	<u>\$ 30,251,515</u>

The accompanying notes are an integral part of this statement.

TUNICA COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					Governmental Activities
Instruction	12,666,549	68,429	2,146,371	66,215	(10,385,534)
Support services	9,362,585	--	1,603,083	--	(7,759,502)
Noninstructional services	1,826,592	109,983	1,506,763	--	(209,846)
Interest on long-term liabilities	40,237	--	--	--	(40,237)
Total Governmental Activities	<u>\$ 23,895,963</u>	<u>\$ 178,412</u>	<u>\$ 5,256,217</u>	<u>\$ 66,215</u>	<u>(18,395,119)</u>
General Revenues:					
Taxes:					
General purpose levies					7,292,137
Gaming					3,721,692
Unrestricted grants and contributions:					
State					8,288,415
Federal					632,946
Unrestricted investment earnings					155,151
Other					47,135
Total General Revenues					<u>20,137,476</u>
Change in Net Assets					<u>1,742,357</u>
Net Assets - Beginning, as originally reported					28,182,043
Prior Period Adjustment					327,115
Net Assets - Ending, as restated					<u>28,509,158</u>
Net Assets - Ending					<u>\$ 30,251,515</u>

The accompanying notes are an integral part of this statement.

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TUNICA COUNTY SCHOOL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2011

	General Fund	Food Service Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 7,630,852	\$ 47,706
Due from other governments	464,670	--
Due from other funds	386,688	23,247
Inventories	--	17,890
Total Assets	<u>\$ 8,482,210</u>	<u>\$ 88,843</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 8,597	\$ 245
Due to other funds	17,782	70,700
Unearned revenue	--	--
Total Liabilities	<u>26,379</u>	<u>70,945</u>
 Fund Balances:		
Nonspendable:		
Inventory	--	17,890
Restricted:		
Unemployment benefits	--	--
Debt service	--	--
Other purposes	--	--
Grant activities	--	--
Food service	--	8
Assigned:		
Special education	1,830	--
At risk	30,416	--
Activity funds	16,538	--
Vocational	25,577	--
Unemployment benefits	--	--
Unassigned	<u>8,381,470</u>	<u>--</u>
Total Fund Balances	<u>8,455,831</u>	<u>17,898</u>
Total Liabilities and Fund Balances	<u>\$ 8,482,210</u>	<u>\$ 88,843</u>

The accompanying notes are an integral part of this statement.

Title I Grant Fund	Title I School Improvement	Other Governmental Funds	Total Governmental Funds
\$ 531	\$ 69	\$ 1,066,293	\$ 8,745,451
149,124	17,806	89,380	720,980
14,080	50,225	694	474,934
--	--	--	17,890
<u>\$ 163,735</u>	<u>\$ 68,100</u>	<u>\$ 1,156,367</u>	<u>\$ 9,959,255</u>
\$ 110	\$ --	\$ 2,525	\$ 11,477
163,625	68,100	65,625	385,832
--	--	27,955	27,955
<u>163,735</u>	<u>68,100</u>	<u>96,105</u>	<u>425,264</u>
--	--	--	17,890
--	--	59,490	59,490
--	--	737,545	737,545
--	--	1,585	1,585
--	--	247,527	247,527
--	--	12,596	12,604
--	--	--	1,830
--	--	--	30,416
--	--	--	16,538
--	--	--	25,577
--	--	1,519	1,519
--	--	--	8,381,470
<u>--</u>	<u>--</u>	<u>1,060,262</u>	<u>9,533,991</u>
<u>\$ 163,735</u>	<u>\$ 68,100</u>	<u>\$ 1,156,367</u>	<u>\$ 9,959,255</u>

TUNICA COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances for governmental funds	\$ 9,533,991
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.	21,555,282
Liabilities due in one year are not recognized in the funds.	(403,038)
Payables for bond interest which are not due in the current period are not reported in the funds.	(14,571)
Payables for notes which are not due in the current period are not reported in the funds.	(340,541)
Payables for compensated absences not due in the current period are not reported in the funds.	<u>(79,608)</u>
Net assets of governmental activities	<u>\$ 30,251,515</u>

The accompanying notes are an integral part of this statement.

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TUNICA COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Food Service Fund
Revenues:		
Local sources	\$ 10,860,850	\$ 116,497
State sources	8,071,763	14,213
Federal sources	98,835	1,466,955
Total Revenues	<u>19,031,448</u>	<u>1,597,665</u>
Expenditures:		
Instruction	9,211,509	--
Support services	7,346,173	82,436
Noninstructional services	10,450	1,594,298
Debt service:		
Principal	--	--
Interest	--	--
Total Expenditures	<u>16,568,132</u>	<u>1,676,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,463,316</u>	<u>(79,069)</u>
Other Financing Sources (Uses):		
Proceeds of notes	327,115	--
Sale of transportation equipment	1,131	--
Transfers in	33,619	22,332
Other financing sources	7,478	--
Transfers out	(824,699)	--
Other financing uses	(14,231)	--
Total Other Financing Sources (Uses)	<u>(469,587)</u>	<u>22,332</u>
Net change in fund balances	1,993,729	(56,737)
Fund Balances:		
July 1, 2010, as originally reported	6,134,987	74,627
Prior period adjustments	327,115	--
July 1, 2010, as restated	<u>6,462,102</u>	<u>74,627</u>
Increase (decrease) in reserve for inventory	--	8
June 30, 2011	<u>\$ 8,455,831</u>	<u>\$ 17,898</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D

Title I Grant Fund	Title I School Improvement	Other Governmental Funds	Total Governmental Funds
\$ 64	\$ --	\$ 408,512	\$ 11,385,923
--	--	738,849	8,824,825
1,157,528	120,260	2,575,385	5,418,963
<u>1,157,592</u>	<u>120,260</u>	<u>3,722,746</u>	<u>25,629,711</u>
494,058	--	2,691,592	12,397,159
422,336	120,847	1,376,030	9,347,822
--	--	137,802	1,742,550
--	--	368,485	368,485
--	--	37,683	37,683
<u>916,394</u>	<u>120,847</u>	<u>4,611,592</u>	<u>23,893,699</u>
<u>241,198</u>	<u>(587)</u>	<u>(888,846)</u>	<u>1,736,012</u>
--	--	--	327,115
--	--	--	1,131
--	--	1,025,477	1,081,428
--	--	--	7,478
(203,913)	--	(52,816)	(1,081,428)
--	--	--	(14,231)
<u>(203,913)</u>	<u>--</u>	<u>972,661</u>	<u>321,493</u>
37,285	(587)	83,815	2,057,505
(37,285)	587	976,447	7,149,363
--	--	--	327,115
<u>(37,285)</u>	<u>587</u>	<u>976,447</u>	<u>7,476,478</u>
--	--	--	8
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,060,262</u>	<u>\$ 9,533,991</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, 2011

Net change in fund balances - total governmental funds	\$ 2,057,505
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	472,780
The depreciation of capital assets used in governmental activities is not reported in the funds.	(840,501)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(1,158)
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	368,485
(Increase) decrease in accrued interest from beginning of period to end of period.	(2,554)
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA.	8
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	14,906
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(327,115)
Rounding difference	1
	<u>1</u>
Change in net assets of governmental activities	<u>\$ 1,742,357</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, 2011

	Agency Funds
Assets	
Cash and other deposits	\$ 1,100,214
Total Assets	<u>\$ 1,100,214</u>
Liabilities	
Accounts Payable & Accrued Liabilities	\$ 1,002,050
Due to student clubs	9,062
Due to other funds	89,102
Total Liabilities	<u>\$ 1,100,214</u>

The accompanying notes are an integral part of this statement.

Tunica County School District

Notes to the Financial Statements
For the year ended June 30, 2011

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 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. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

B. 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.

C. Government-wide and Fund Financial Statements

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

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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 taxes and other items not 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 in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Food Service Fund - This fund accounts for the funds received related to the food service provided to eligible children.

Title I Grant Fund - This fund helps the school improve the teaching and learning of

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

Title I School Improvement - This fund is 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 and exit improvement status.

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 following:

Payroll Clearing Fund - This fund serves as a clearing fund for payroll type transactions.

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing - This fund is used as a clearing account for non-payroll transactions.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 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.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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.

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 *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 or assignments 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 within committed or assigned fund balances.

F. Assets, liabilities, and net assets/fund balances

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 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

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

obligations of the types described in Section 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

Activities 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.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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 governmental column 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, 2011

		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 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.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Issuance costs are reported as expenditures. See Note 5 for details.

9. Fund Balances

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

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

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

Note 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:

Deposits. 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 district's 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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$8,745,451 and \$1,100,214, respectively. The carrying amount of the school district's deposits with financial institutions reported in the government-wide statement was \$8,745,451. The bank balance was \$10,709,313.

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, 2011, none of the district's bank balance of \$10,709,313 was exposed to custodial credit risk.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 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	Food Service Fund	\$ 70,700
	Title I Grant Fund	113,400
	Title I School Improvement	54,020
	Other Governmental Funds	60,825
	Fiduciary Funds	87,743
Food Service Fund	General Fund	17,782
	Fiduciary Fund	665
	Other Governmental Funds	4,800
Title I Grant Fund	Title I School Improvement	14,080
Title I School Improvement	Title I Grant Fund	50,225
Other Governmental Funds	Fiduciary Funds	694
Total		<u>\$ 474,934</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.

B. Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 33,619
Food Service Fund	General Fund	15,000
	Other Governmental Funds	7,332
Other Governmental Funds	General Fund	809,699
	Title I Grant Fund	203,913
	Other Governmental Funds	11,865
Total		<u>\$ 1,081,428</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.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 4- Capital Assets

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

	Balance 7-1-2010	Additions	Retirements	Balance 6-30-2011
<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>160,050</u>
<u>Depreciable capital assets:</u>				
Buildings	26,942,379			26,942,379
Building improvements	621,061			621,061
Improvements other than buildings	44,692			44,692
Mobile equipment	3,399,159	153,337		3,552,496
Furniture and equipment	950,561	319,443	13,160	1,256,844
Total depreciable capital assets	<u>31,957,852</u>	<u>472,780</u>	<u>13,160</u>	<u>32,417,472</u>
<u>Less accumulated depreciation for:</u>				
Buildings	7,082,051	523,009		7,605,060
Building improvements	149,055	24,842		173,897
Improvements other than buildings	10,726	1,788		12,514
Mobile equipment	2,092,365	227,068		2,319,433
Furniture and equipment	859,544	63,794	12,002	911,336
Total accumulated depreciation	<u>10,193,741</u>	<u>840,501</u>	<u>12,002</u>	<u>11,022,240</u>
Total depreciable capital assets, net	<u>21,764,111</u>	<u>(367,721)</u>	<u>1,158</u>	<u>21,395,232</u>
Governmental activities capital assets, net	<u>\$ 21,924,161</u>	<u>(367,721)</u>	<u>1,158</u>	<u>21,555,282</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 588,351
Support services	168,100
Non-instructional	84,050
Total depreciation expense	<u>\$ 840,501</u>

Note 5 - Long-term liabilities

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

Tunica County School District

Notes to the Financial Statements For the Year Ended June 30, 2011

	Balance 7-1-2010	Additions	Reductions	Balance 6-30-2011	Amounts due within one year
A Shortfall notes payable	784,949	327,115	368,485	743,579	403,038
B Compensated absences payable	94,514		14,906	79,608	
Total	\$ 879,463	327,115	383,391	823,187	403,038

A. Short Fall Notes Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Note, Series 2008	5.85%	12-12-08	12-12-11	\$ 520,700	181,849
Shortfall Note, Series 2009	4.50%	12-15-09	12-15-12	344,400	234,615
Shortfall Note, Series 2010	2.4%	12-10-10	12-10-13	327,115	327,115
Total				\$ 1,192,215	743,579

1. Shortfall notes payable issue of 2008:

Year Ending June 30	Principal	Interest	Total
2012	\$ 181,849	8,820	190,669

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

2. Shortfall notes payable issue of 2009:

Year Ending June 30	Principal	Interest	Total
2012	\$ 114,726	10,558	125,284
2013	119,889	5,395	125,284
Total	\$ 234,615	15,953	250,568

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

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

3. Shortfall notes payable issue of 2010:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 106,463	7,851	114,314
2013	109,018	5,296	114,314
2014	<u>111,634</u>	<u>2,680</u>	<u>114,314</u>
Total	\$ <u>327,115</u>	<u>15,827</u>	<u>342,942</u>

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

Total shortfall notes payable payments for all issues:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 403,038	27,229	430,267
2013	228,907	10,691	239,598
2014	<u>111,634</u>	<u>2,680</u>	<u>114,314</u>
Total	\$ <u>743,579</u>	<u>40,600</u>	<u>784,179</u>

B. 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.

Note 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.

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

Funding Policy. PERS members are required to contribute 9.00% 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, 2011 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, 2011, 2010 and 2009 were \$1,643,778, \$1,661,001, and \$1,736,108, respectively, which equaled the required contributions for each year.

Note 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. Except as described below, 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 72 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.

Note 8 - Prior Period Adjustment

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1 See explanation below.	\$ <u><u>327,115</u></u>

Tunica County School District

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

<u>Major Funds</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To correctly present revenue for shortfall note receivable in the prior year. \$	<u><u>327,115</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2011

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 11,205,801	11,061,825	10,860,850	(143,976)	(200,975)
State sources	8,511,110	8,071,764	8,071,763	(439,346)	(1)
Federal sources	80,095	98,835	98,835	18,740	0
Total Revenues	<u>19,797,006</u>	<u>19,232,424</u>	<u>19,031,448</u>	<u>(564,582)</u>	<u>(200,976)</u>
Expenditures:					
Instruction	9,784,526	9,194,519	9,211,509	590,007	(16,990)
Support services	7,864,797	7,347,289	7,346,173	517,508	1,116
Noninstructional services	15,000	10,453	10,450	4,547	3
Total Expenditures	<u>17,664,323</u>	<u>16,552,261</u>	<u>16,568,132</u>	<u>1,112,062</u>	<u>(15,871)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,132,683</u>	<u>2,680,163</u>	<u>2,463,316</u>	<u>547,480</u>	<u>(216,847)</u>
Other Financing Sources (Uses):					
Proceeds of notes		327,115	327,115	327,115	0
Sale of transportation equipment		1,131	1,131	1,131	0
Other financing sources	40,000	7,478	7,478	(32,522)	0
Transfers In	1,917,335	2,817,982	33,619	900,647	(2,784,363)
Other financing uses			(14,231)	0	(14,231)
Transfers Out	<u>(3,487,733)</u>	<u>(3,609,062)</u>	<u>(824,699)</u>	<u>(121,329)</u>	<u>2,784,363</u>
Total Other Financing Sources (Uses)	<u>(1,530,398)</u>	<u>(455,356)</u>	<u>(469,587)</u>	<u>1,075,042</u>	<u>(14,231)</u>
Net Change in Fund Balances	<u>602,285</u>	<u>2,224,807</u>	<u>1,993,729</u>	<u>1,622,522</u>	<u>(231,078)</u>
Fund Balances:					
July 1, 2010, as originally reported	6,163,592	6,167,038	6,134,987	3,446	(32,051)
Prior period adjustment		<u>(32,048)</u>	<u>327,115</u>	<u>(32,048)</u>	<u>359,163</u>
July 1, 2010, as restated	<u>6,163,592</u>	<u>6,134,990</u>	<u>6,462,102</u>	<u>(28,602)</u>	<u>327,112</u>
Residual equity transfer in (out)		<u>(14,231)</u>		<u>(14,231)</u>	<u>14,231</u>
June 30, 2011	<u>\$ 6,765,877</u>	<u>8,345,566</u>	<u>8,455,831</u>	<u>1,579,689</u>	<u>110,265</u>

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

TUNICA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

Food Service Fund

For the Year Ended June 30, 2011

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 87,700	116,497	116,497	28,797	0
State sources	10,000	14,213	14,213	4,213	0
Federal sources	1,281,500	1,466,955	1,466,955	185,455	0
Total Revenues	<u>1,379,200</u>	<u>1,597,665</u>	<u>1,597,665</u>	<u>218,465</u>	<u>0</u>
Expenditures:					
Support services	92,930	82,437	82,436	10,493	1
Noninstructional services	1,597,683	1,612,079	1,594,298	(14,396)	17,781
Total Expenditures	<u>1,690,613</u>	<u>1,694,516</u>	<u>1,676,734</u>	<u>(3,903)</u>	<u>17,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(311,413)</u>	<u>(96,851)</u>	<u>(79,069)</u>	<u>214,562</u>	<u>17,782</u>
Other Financing Sources (Uses):					
Operating transfers in	211,413	22,332	22,332	(189,081)	0
Total Other Financing Sources (Uses)	<u>211,413</u>	<u>22,332</u>	<u>22,332</u>	<u>(189,081)</u>	<u>0</u>
Net Change in Fund Balances	(100,000)	(74,519)	(56,737)	25,481	17,782
Fund Balances:					
July 1, 2010	103,581	74,627	74,627	(28,954)	0
Increase (decrease) in reserve for inventory		8	8	8	0
June 30, 2011	<u>\$ 3,581</u>	<u>116</u>	<u>17,898</u>	<u>(3,465)</u>	<u>17,782</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, 2011

Exhibit 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$	63	64	63	1
Federal sources	943,350	1,157,528	1,157,528	214,178	0
Total Revenues	943,350	1,157,591	1,157,592	214,241	1
Expenditures:					
Instructional	352,349	494,058	494,058	(141,709)	0
Support services	393,001	422,336	422,336	(29,335)	0
Total Expenditures	745,350	916,394	916,394	(171,044)	0
Excess (Deficiency) of Revenues over (under) Expenditures	198,000	241,197	241,198	43,197	1
Other Financing Sources (Uses):					
Operating transfers out	(198,000)	(203,912)	(203,913)	(5,912)	(1)
Total Other Financing Sources (Uses)	(198,000)	(203,912)	(203,913)	(5,912)	(1)
Net Change in Fund Balances	0	37,285	37,285	37,285	0
Fund Balances:					
July 1, 2010, as originally reported			(37,285)	0	(37,285)
Prior period adjustments		(37,285)		(37,285)	37,285
July 1, 2010, as restated	0	(37,285)	(37,285)	(37,285)	0
June 30, 2011	\$ 0	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

Title I School Improvement

For the Year Ended June 30, 2011

Exhibit 4

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 13,221	120,260	120,260	107,039	0
Total Revenues	13,221	120,260	120,260	107,039	0
Expenditures:					
Support services	13,221	120,260	120,847	(107,039)	(587)
Total Expenditures	13,221	120,260	120,847	(107,039)	(587)
Net Change in Fund Balances	0	0	(587)	0	(587)
Fund Balances:					
July 1, 2010			587	0	587
June 30, 2011	\$ 0	0	0	0	0

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

Tunica County School District

Notes to the Required Supplemental Information
For the Year Ended June 30, 2011

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, 2011

<u>Federal Grantor/ Pass-through Grantor/ Program Title/</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 447,271
National School Lunch Program	10.555	1,019,685
Summer Food Service Program for Children	10.559	37,813
Total Child Nutrition cluster		<u>1,504,769</u>
Fresh Fruit and Vegetable Program	10.582	55,777
Subtotal:		<u>55,777</u>
Total passed-through the Mississippi Department of Education		<u>1,560,546</u>
Total U.S. Department of Agriculture		<u>1,560,546</u>
<u>U.S. Department of Defense</u>		
Direct Program		
Reserve Officers' Training Corps	12.xxx	66,158
Total U.S. Department of Defense		<u>66,158</u>
<u>Federal Communications Commission</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of The Universal Service Fund	32.xxx	63,565
Total Federal Communications Commission		<u>63,565</u>
<u>U.S. Department of Labor</u>		
Direct Program:		
ARRA - Employee Benefits Security Administration (EBSA) - Recovery Act	17.151	1,440
Total U.S. Department of Labor		<u>1,440</u>
<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	1,241,153
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	143,425
Total Title I Cluster		<u>1,384,578</u>
Title II Cluster:		
Education Technology State Grants	84.318	191,827
ARRA - Education Technology State Grants, Recovery Act	84.386	263,917
Total Title II Cluster		<u>455,744</u>
Career and Technical Education - Basic Grants to States	84.048	29,845
Safe and Drug - Free Schools and Communities - State Grants	84.186	1,129
Even Start - State Educational Agencies	84.213	519
Rural Education	84.358	79,667
Improving Teacher Quality State Grants	84.367	205,806
Grants for State Assessments and Related Activities	84.369	3,864
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	535,551
Education Jobs Fund	84.410	399,917
Subtotal		<u>1,256,298</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	454,591
Special Education - Preschool Grants	84.173	15,988
ARRA - Special Education Grants to States, Recovery Act	84.391	169,221
Total Special Education Cluster		<u>639,800</u>
Total passed-through the Mississippi Department of Education		<u>3,736,420</u>
Total U.S. Department of Education		<u>3,736,420</u>
Total for All Federal Awards		<u>\$ 5,428,129</u>

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, 2011

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 18,314,323	13,398,746	813,676	1,209,460	2,892,441
Other	5,579,376	1,932,720	185,398	34,996	3,426,262
Total	\$ <u>23,893,699</u>	<u>15,331,466</u>	<u>999,074</u>	<u>1,244,456</u>	<u>6,318,703</u>
 Total number of students *	 2,013				
Cost per student	\$ 11,869	7,616	496	618	3,139

For purposes of this schedule, the following columnar descriptions are applicable:

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.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following functions: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration categories.

* Includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year

OTHER INFORMATION

TUNICA COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund
Last Four Years

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 10,860,850	11,111,343	11,414,858	11,479,492
State sources	8,071,763	8,475,728	9,311,250	8,883,325
Federal sources	98,835	67,175	72,393	71,740
Total Revenues	<u>19,031,448</u>	<u>19,654,246</u>	<u>20,798,501</u>	<u>20,434,557</u>
Expenditures:				
Instruction	9,211,509	9,532,832	10,549,408	10,394,668
Support services	7,346,173	7,927,640	8,924,289	8,599,826
Noninstructional services	10,450	7,029	75,455	84,670
Debt service:				
Principal		10,456	20,915	20,915
Total Expenditures	<u>16,568,132</u>	<u>17,477,957</u>	<u>19,570,067</u>	<u>19,100,079</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,463,316</u>	<u>2,176,289</u>	<u>1,228,434</u>	<u>1,334,478</u>
Other Financing Sources (Uses):				
Proceeds of loans		344,400	520,700	242,000
Proceeds of notes	327,115			
Insurance loss recoveries		7,113		210
Sale of transportation equipment	1,131		1,980	1,127
Operating transfers in	33,619	44,175	11,886	17,963
Other financing sources	7,478	46,664	41,584	30,456
Operating transfers out	(824,699)	(1,181,400)	(2,060,200)	(2,356,688)
Other financing uses	(14,231)			
Total Other Financing Sources (Uses)	<u>(469,587)</u>	<u>(739,048)</u>	<u>(1,484,050)</u>	<u>(2,064,932)</u>
Net Change in Fund Balances	<u>1,993,729</u>	<u>1,437,241</u>	<u>(255,616)</u>	<u>(730,454)</u>
Fund Balances:				
July 1, as originally reported	6,134,987	4,697,746	4,953,362	5,683,816
Prior period adjustment	327,115			
July 1, as restated	<u>6,462,102</u>	<u>4,697,746</u>	<u>4,953,362</u>	<u>5,683,816</u>
June 30,	<u>\$ 8,455,831</u>	<u>6,134,987</u>	<u>4,697,746</u>	<u>4,953,362</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUNICA COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 11,385,923	11,939,763	12,245,892	12,026,782
Intermediate sources				85,206
State sources	8,824,825	8,987,674	9,953,610	9,680,558
Federal sources	5,418,963	4,865,704	3,387,903	3,331,128
Total Revenues	<u>25,629,711</u>	<u>25,793,141</u>	<u>25,587,405</u>	<u>25,123,674</u>
Expenditures:				
Instruction	12,397,159	12,724,356	12,647,823	12,387,193
Support services	9,347,822	9,436,506	10,382,343	10,127,724
Noninstructional services	1,742,550	1,841,100	1,857,460	1,763,106
Debt service:				
Principal	368,485	364,077	1,264,233	1,614,085
Interest	37,683	35,738	39,145	75,770
Other			1,021	2,904
Total Expenditures	<u>23,893,699</u>	<u>24,401,777</u>	<u>26,192,025</u>	<u>25,970,782</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,736,012</u>	<u>1,391,364</u>	<u>(604,620)</u>	<u>(847,108)</u>
Other Financing Sources (Uses):				
Proceeds of loans		344,400	520,700	242,000
Proceeds of notes	327,115			
Insurance loss recoveries		7,113		210
Sale of transportation equipment	1,131		1,980	1,127
Operating transfers in	1,081,428	1,445,021	2,247,395	2,571,339
Other financing sources	7,478	46,664	41,584	30,456
Operating transfers out	(1,081,428)	(1,445,021)	(2,247,395)	(2,571,339)
Other financing uses	(14,231)			
Total Other Financing Sources (Uses)	<u>321,493</u>	<u>398,177</u>	<u>564,264</u>	<u>273,793</u>
Net Change in Fund Balances	<u>2,057,505</u>	<u>1,789,541</u>	<u>(40,356)</u>	<u>(573,315)</u>
Fund Balances:				
July 1, as originally reported	7,149,363	5,360,201	5,402,156	5,978,901
Prior period adjustment	327,115			(660)
July 1, as restated	<u>7,476,478</u>	<u>5,360,201</u>	<u>5,402,156</u>	<u>5,978,241</u>
Increase (Decrease) in reserve for inventory	8	(379)	(1,599)	(2,770)
June 30,	<u>\$ 9,533,991</u>	<u>7,149,363</u>	<u>5,360,201</u>	<u>5,402,156</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
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, 2011, which collectively comprise the Tunica County School District's basic financial statements and have issued our report thereon dated November 19, 2011. 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

Management of the Tunica County School District is responsible for establishing and maintaining effective 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 opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
November 19, 2011

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Tunica County School District

Compliance

We have audited Tunica County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tunica County School District's major federal programs for the year ended June 30, 2011. 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, 2011.

Internal Control Over Compliance

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 to

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determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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
November 19, 2011

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011, which collectively comprise Tunica County School District's basic financial statements and have issued our report thereon dated November 19, 2011. 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 ensure 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 \$4,875 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 ensure 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 did not disclose any instances of noncompliance with other state laws and regulations.

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Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 19, 2011

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Tunica County School District

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
84.318 & 84.386	Title II Cluster
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act
84.027, 84.173 & 84.391	Special Education Cluster
84.010 & 84.389	Title I Cluster

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.