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TUNICA COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2008

TUNICA COUNTY SCHOOL DISTRICT
June 30, 2008

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June 30, 2008

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**BANKS, FINLEY,
WHITE & CO.**

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, 2008, which collectively comprise the Tunica County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tunica County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2009, on our consideration of the Tunica County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and the Budgetary Comparison Schedule and corresponding notes on pages 37 through 40 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tunica County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures, Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Bank, Finley, White & Co.
May 31, 2009

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The discussion and analysis of Tunica County School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Financial Highlights

- Total net assets increased \$360,278, which represents a 1% increase from fiscal year 2007.
- General revenues account for \$21,154,381 in revenue, or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,999,959 or 16% of total revenues.
- The District had \$24,793,399 in expenses; only \$3,999,959 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$21,154,381 were adequate to provide for these programs.
- Among major funds, the General Fund had \$20,434,557 in revenues and \$19,100,079 in expenditures. The General Fund's fund balance decreased \$730,454 from the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$455,219 from the prior year. This decrease was due mainly to depreciation of the capital assets.
- Long-term debt decreased by \$1,383,493 from the prior year. This decrease was due to the annual principal payment on the debt.

Overview of Financial Statements

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

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

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

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

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The governmental funds statements provide a detailed short-term view of the School District's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are in Exhibit C-1 and D-1, respectively.

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found in Exhibit C and D of this report.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 35 of this report.

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

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. This required supplementary information can be found within this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133, a schedule of instructional, administrative, and other expenditures for governmental funds, a statement of revenues, expenditures and changes in fund balances general fund last four years and a statement of revenues, expenditures and changes in fund balances all governmental funds last four years can be found within this report.

Government-wide Financial Analysis

Net assets - Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$26,770,071 as of June 30, 2008.

By far the largest portion of the District's net assets \$21,735,466 reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, leased property under capital leases and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

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.

TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008, compared to 2007, respectively.

	<u>NET ASSETS</u>		<u>Percentage Change</u>
	<u>JUNE 30, 2008</u>	<u>JUNE 30, 2007</u>	
Assets			
Current assets	\$ 5,463,946	\$ 6,091,692	(10.30)%
Capital assets, net	<u>23,041,625</u>	<u>23,496,844</u>	(1.94)%
Total assets	<u>\$ 28,505,571</u>	<u>\$ 29,588,536</u>	(3.66)%
Liabilities			
Current liabilities	\$ 82,290	\$ 142,040	(42.07)%
Long-term debt outstanding	<u>1,653,210</u>	<u>3,036,703</u>	(45.56)%
Total liabilities	<u>\$ 1,735,500</u>	<u>\$ 3,178,743</u>	(45.40)%
Net assets			
Invested in capital assets, net of related debt	\$ 21,735,466	20,576,600	5.63 %
Restricted	428,296	259,918	64.78 %
Unrestricted	<u>4,606,309</u>	<u>5,573,275</u>	(17.35)%
Total net assets	<u>\$ 26,770,071</u>	<u>26,409,793</u>	1.36 %

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

Decrease in total current assets in the amount of	\$ 627,746
Decrease in net capital assets in the amount of	\$ 455,219
Decrease in current liabilities in the amount of	\$ 59,750
Decrease in long-term liabilities in the amount of	\$ 1,383,493

TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Changes in net assets - The District's total revenues for the fiscal year ended June 30, 2008 were \$25,154,340. The total cost of all programs and services was \$24,793,399. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2008 and 2007, respectively.

The following table shows the changes in net assets for fiscal year ending June 30, 2008 compared to 2007.

	<u>Change in Net Assets</u>		<u>Percentage Change</u>
	<u>JUNE 30, 2008</u>	<u>JUNE 30, 2007</u>	
Revenues			
Program revenues:			
Charges for services	\$ 155,606	135,638	14.72 %
Operating grants and contributions	3,844,353	3,845,881	(0.04)%
General revenues:			
Property taxes	6,759,079	7,349,759	(8.04)%
Gaming	4,956,293	5,201,999	(4.72)%
Grants and contributions not restricted	9,252,539	8,867,598	4.34
Other	<u>186,470</u>	<u>225,222</u>	<u>(17.21)</u>
Total revenues	<u>\$ 25,154,340</u>	<u>25,626,097</u>	<u>(1.84)%</u>
Expenses:			
Instruction	12,957,044	11,899,168	8.89 %
Support services	9,789,402	9,281,845	5.47 %
Non-instructions	1,977,029	1,775,617	11.34 %
Interest and other expense on long-term liabilities	<u>69,924</u>	<u>157,469</u>	<u>(55.60)%</u>
Total expenses	<u>24,793,399</u>	<u>23,114,099</u>	<u>7.27 %</u>
Increase (Decrease) in net assets	<u>360,941</u>	<u>2,511,998</u>	<u>(85.63)%</u>
Net Asset, July 1	26,409,793	23,866,764	10.66 %
Prior period adjustment	<u>(663)</u>	<u>31,031</u>	<u>(102.14)%</u>
Net assets, July 1, Restated	<u>26,409,130</u>	<u>23,897,795</u>	
Net Asset, June 30	<u>\$ 26,770,071</u>	<u>26,409,793</u>	<u>1.36 %</u>

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

	2008		2007	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 12,957,044	\$ (11,650,379)	\$ 11,899,168	\$ (10,414,523)
Support services	9,789,402	(8,497,510)	9,281,845	(8,109,366)
Non-instructional	1,977,029	(575,627)	1,775,617	(451,222)
Sixteenth section	-	-	-	-
Interest on long-term liabilities	69,924	(69,924)	157,469	(157,469)
Total expenses	<u>\$ 24,793,399</u>	<u>\$ (20,793,440)</u>	<u>\$ 23,114,099</u>	<u>\$ (19,132,580)</u>

Net cost of governmental activities \$20,793,440, was financed by general revenue, which is made up of primarily property taxes \$6,759,079, gaming revenues of \$4,956,293, and state revenues of \$9,181,740.

Investment earnings accounted for \$129,588 of funding.

Financial Analysis of the District's Funds

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,402,156, a decrease of \$576,745 from the prior year. \$5,122,406 or 95% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$279,750 or 5% is reserved or designated to indicate that it is not available for spending because it has already been committed.

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$730,454. The fund balance of the Other Governmental Funds showed an increase in the amount of \$153,709. The other major funds and their increase (decrease) in fund balances were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
USDA Grant	\$ -
Title I Grant	-
Title II Grant	-

Budgetary Highlights

Over the course of the year, the District revised the annual operating budget.

- ◆ Budgeted amounts for revenues from local sources decreased due to decreases ad valorem taxes and gaming receipts.
- ◆
- ◆ Budgeted amounts for revenues from state sources were decreased due to reeducation of MAEP fund final allocation
- ◆ Budgeted amounts for revenues from federal sources decreased due to a reduction in the amount of anticipated revenues from Title I, Title II and special education grants.
- ◆ Budgeted amounts for instructions decreased due to positions identified in the original budget that were not filed.
- ◆ Budgeted amounts for support services decreased due to staff vacancies not filled and replacement of staffs at a lower pay rate.

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

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2008, the District's total capital assets were \$31,923,760, including land, school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$303,283 from the previous year. Total accumulated depreciation as of June 30, 2008 was \$8,882,135, and total depreciation expense for the year was \$844,503, resulting in total net capital assets of \$23,041,625.

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

**TUNICA COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The following table shows fiscal year ending June 30, 2008 compared to 2007.

	<u>Capital Assets, Net of Depreciation</u>		<u>Percentage Change</u>
	<u>2008</u>	<u>2007</u>	
Land	\$ 160,050	\$ 160,050	-
Buildings	20,943,729	21,500,622	(2.59)%
Building improvements	521,692	546,534	(4.55)%
Improvements other than buildings	37,541	39,329	(4.55)%
Mobile equipment	1,278,338	1,118,931	14.25 %
Furniture and equipment	100,275	131,378	(23.67)%
Total	<u>\$ 23,041,625</u>	<u>\$ 23,496,844</u>	(1.94)%

Debt Administration - At June 30, 2008, the District had \$1,548,159 in general obligation bonds and other long-term debt outstanding, of which \$1,264,233 is due within one year. In addition, the liability for compensated absences decreased by \$11,408 from the prior year.

The District maintains a AA insured rating with Standard and Poor's and an AA insured rating with Moody's Investor Services.

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

The following table shows fiscal year ending June 30, 2008 compared to 2007.

	<u>Outstanding Debt</u>		<u>Percentage Change</u>
	<u>2008</u>	<u>2007</u>	
General obligation bonds payable	\$ 745,000	\$ 1,800,000	(58.61)%
Certificate of participation payable	-	129,048	(100.00)%
Three mill note payable	529,788	938,910	(43.57)%
Shortfall note payable	242,000	-	-
Other loans payable	31,371	52,286	(40.00)%
Compensated absences payable	105,051	116,459	(9.80)%
Total	<u>\$ 1,653,210</u>	<u>\$ 3,036,703</u>	(45.56)%

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 millage has remained the lowest of all Districts. In addition, the District's system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Tunica County School District, 744 School Street, P.O. Box 758, Tunica, MS 38676.

FINANCIAL STATEMENTS

TUNICA COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,530,186
Due from other governments	704,024
Other receivables	209,876
Inventories	19,860
Capital assets, nondepreciable	
Land	160,050
Capital assets, net of accumulated depreciation:	
Buildings	20,943,729
Building improvements	521,692
Improvements other than buildings	37,541
Mobile equipment	1,278,338
Furniture and equipment	100,275
Total Assets	28,505,571
Liabilities	
Accounts payable and accrued liabilities	23,176
Unearned revenue	38,614
Interest payable on long-term liabilities	20,500
Long-term liabilities, due within one year	
Capital related liabilities	1,188,077
Non-capital related liabilities	117,031
Long-term liabilities, due beyond one year	
Capital related liabilities	118,082
Non-capital related liabilities	230,020
Total Liabilities	1,735,500
Net Assets	
Investment in capital assets, net of related debt	21,735,466
Restricted net assets:	
Expendable:	
School-based activities	188,904
Debt service	184,174
Unemployment benefits	55,218
Unrestricted	4,606,309
Total Net Asset	\$ 26,770,071

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

TUNICA COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$12,957,044	65,185	1,241,480	-	\$(11,650,379)
Support services	9,789,402	-	1,291,892	-	(8,497,510)
Non-instructional	1,977,029	90,421	1,310,981	-	(575,627)
Interest on long-term liabilities	<u>69,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,924)</u>
Total Governmental Activities	<u>\$24,793,399</u>	<u>155,606</u>	<u>3,844,353</u>	<u>-</u>	<u>(20,793,440)</u>
General Revenues:					
Taxes:					
					\$ 6,309,687
					449,392
					4,956,293
Unrestricted grants and contributions:					
					9,181,740
					70,799
					129,588
					<u>56,882</u>
					<u>21,154,381</u>
Change in Net Assets					
					<u>360,941</u>
Net Assets - Beginning					
					26,409,793
					<u>(663)</u>
Net Assets - Beginning - Restated					
					<u>26,409,130</u>
Net Assets - Ending					
					<u>\$ 26,770,071</u>

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

TUNICA COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds		
	General Fund	USDA Grant Fund	Title I Grant Fund
ASSETS			
Cash and cash equivalents	\$ 3,927,698	93,587	-
Due from other governments	486,467	-	23,143
Due from other funds	556,537	-	26,119
Inventories	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,970,702</u>	<u>93,587</u>	<u>49,262</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 17,171	-	774
Due to other funds	169	93,587	48,488
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>17,340</u>	<u>93,587</u>	<u>49,262</u>
Fund Balances:			
Reserved for:			
Inventory	-	-	-
Debt service	-	-	-
Unemployment benefits	-	-	-
Unreserved, Undesignated, reported in:			
General Fund	4,953,362	-	-
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,953,362</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,970,702</u>	<u>93,587</u>	<u>49,262</u>

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

EXHIBIT C

Title II Grant Funds	Other Governmental Funds	Total Governmental Funds
50,079	458,822	\$ 4,530,186
2,405	192,009	704,024
284	29,361	612,301
<u>-</u>	<u>19,860</u>	<u>19,860</u>
<u>52,768</u>	<u>700,052</u>	<u>\$ 5,866,371</u>
850	3,652	\$ 22,447
51,918	208,992	403,154
<u>-</u>	<u>38,614</u>	<u>38,614</u>
<u>52,768</u>	<u>251,258</u>	<u>464,215</u>
-	19,860	19,860
-	204,672	204,672
-	55,218	55,218
-	-	4,953,362
<u>-</u>	<u>169,044</u>	<u>169,044</u>
<u>-</u>	<u>448,794</u>	<u>5,402,156</u>
<u>52,768</u>	<u>700,052</u>	<u>\$ 5,866,371</u>

TUNICA COUNTY SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the
 Statement of Net Assets
 June 30, 2008

	Amount
Total Fund Balance - Governmental Funds	\$ 5,402,156
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$8,882,135.	23,041,625
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,653,210)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	(20,500)
Total Net Assets - Governmental Activities	\$ 26,770,071

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

TUNICA COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds		
	General Fund	USDA Grant Funds	Title I Grant Funds
Revenues:			
Local sources	\$ 11,479,492	-	349
Intermediate sources	-	-	-
State sources	8,883,325	-	-
Federal sources	71,740	-	978,780
Total Revenues	<u>20,434,557</u>	<u>-</u>	<u>979,129</u>
Expenditures:			
Instruction	10,394,668	-	325,883
Support services	8,599,826	-	438,595
Noninstructional services	84,670	-	-
Debt service:			
Principal	20,915	-	-
Interest	-	-	-
Other	-	-	-
Total Expenditures	<u>19,100,079</u>	<u>-</u>	<u>764,478</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,334,478</u>	<u>-</u>	<u>214,651</u>
Other Financing Sources (Uses):			
Proceeds from loans	242,000	-	-
Sale of transportation equipment	1,127	-	-
Insurance loss recovery	210	-	-
Operating transfers in	17,963	-	-
Other sources	30,456	-	-
Operating transfers out	(2,356,688)	-	(214,651)
Total Other Financing Sources (Uses)	<u>(2,064,932)</u>	<u>-</u>	<u>(214,651)</u>
Net Change in Fund Balances	<u>(730,454)</u>	<u>-</u>	<u>-</u>
Fund Balances:			
July 1, 2007	5,683,816	-	-
Prior period adjustments	-	-	-
July 1, 2007, as restated	<u>5,683,816</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2008	<u>\$ 4,953,362</u>	<u>-</u>	<u>-</u>

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

EXHIBIT D

Title II Grant Funds	Other Governmental Funds	Total Governmental Funds
30	546,911	\$ 12,026,782
-	85,206	85,206
-	797,233	9,680,558
<u>109,466</u>	<u>2,171,142</u>	<u>3,331,128</u>
<u>109,496</u>	<u>3,600,492</u>	<u>25,123,674</u>
77,986	1,588,656	12,387,193
31,510	1,057,793	10,127,724
-	1,678,436	1,763,106
-	1,593,170	1,614,085
-	75,770	75,770
-	2,904	2,904
<u>109,496</u>	<u>5,996,729</u>	<u>25,970,782</u>
<u>-</u>	<u>(2,396,237)</u>	<u>(847,108)</u>
-	-	242,000
-	-	1,127
-	-	210
-	2,553,376	2,571,339
-	-	30,456
-	-	(2,571,339)
<u>-</u>	<u>2,553,376</u>	<u>273,793</u>
<u>-</u>	<u>157,139</u>	<u>(573,315)</u>
-	295,085	5,978,901
<u>-</u>	<u>(660)</u>	<u>(660)</u>
<u>-</u>	<u>294,425</u>	<u>5,978,241</u>
<u>-</u>	<u>(2,770)</u>	<u>(2,770)</u>
<u>-</u>	<u>448,794</u>	<u>\$ 5,402,156</u>

TUNICA COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2008

	Amount
Net Change in Fund Balances - Governmental Funds	\$ (573,315)
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchase amounted to \$396,983 and the depreciation expense amounted to \$844,503.	(447,520)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	1,614,085
3. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	8,752
4. The issuance of long-term debt provides current financial resources to the governmental funds, but the issuance increases long-term liabilities in the Statement of Activities.	(242,000)
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(7,699)
6. Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but Noninstructional expenditures are (decreased) increased in the Statement of Activities.	(2,770)
6. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds: Compensated absences	11,408
Change in Net Assets of Governmental Activities	\$ 360,941

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

TUNICA COUNTY SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,163,540
Due from other funds	<u>729</u>
Total Assets	<u>\$ 1,164,269</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 931,815
Due to other funds	209,876
Due to student clubs	<u>22,578</u>
Total Liabilities	<u>\$ 1,164,269</u>

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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. 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 (5) member board which each member was 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 financial burdens on the District.

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

The Corporation is governed by a Tunica County School District Leasing Corporation member board which was appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, equity, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 9).

B. Basis of Presentation

Government-wide Financial Statements:

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

Fund Financial Statements:

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

The school district reports the following major governmental funds:

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

USDA Grant Fund - This fund accounts for financial resources to be used for the summer food program of the district.

Title I Fund - This fund is used to account for the revenues received for the education of economically deprived children.

Title II Fund - This fund is used to account for the revenues received for the Eisenhower professional development state grant.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

C. Measurement Focus and Basis of Accounting.

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

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

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Property tax, 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.

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 interfund activity has been eliminated from the government-wide statements.

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as 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 resulting from purchase orders, work orders and contracts during the fiscal year. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported as reservations of fund balances since they do not constitute expenditures or liabilities.

F. Assets, liabilities, and net assets or equity

1. Cash, Cash Equivalents and Investments.

Cash and cash equivalents.

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

Investments.

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in 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, as well as for its component units are reported at fair market value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund 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, 2008

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the balance sheet 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 account.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table and estimated useful lives in excess of two years.

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 those thresholds.

	Capitalization Policy	Estimated Useful Life
Land	\$ -	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.

Employee 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 leave 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).

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

The liability for these compensated absences is recorded as long-term liabilities 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 compensated absence liability payable 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 costs, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

9. Fund equity.

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

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

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

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

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

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

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

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 not 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 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 \$4,530,186 and \$1,163,540 respectively. The carrying amount of deposits reported in the government-wide financial statements was cash and cash equivalents - \$4,530,186. The bank balance was \$6,711,854.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institutions, 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 institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2008, none of the district's bank balance of \$6,711,854 was exposed to custodial credit risk.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 3 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Grant Fund	\$ 36,324
	USDA Grant Fund	89,002
	Title II Grant Funds	51,918
	Other governmental funds	182,144
	Fiduciary funds	197,149
Title I Grant Fund	Other governmental funds	26,119
Title II Grant Fund	Fiduciary funds	284
Other governmental funds	USDA Grant Fund	4,585
	Title I Grant Fund	12,164
	General Fund	169
	Fiduciary funds	12,443
Fiduciary funds	Other governmental funds	<u>729</u>
Total		<u>\$ 613,030</u>

Interfund loans were mainly for negative cash balances in pooled bank accounts.

B. Interfund transfers

<u>transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 2,356,688
Title I Grant Fund	General Fund	17,963
	Other governmental funds	<u>196,688</u>
Total		<u>\$ 2,571,339</u>

Transfers in/out are for budgetary purposes.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2007	Additions	Retirements	Completed Construction	Adjustments	Balance June 30, 2008
<u>Non-depreciable Capital assets:</u>						
Land	\$ 160,050	-	-	-	-	\$ 160,050
Total non-depreciable capital assets	<u>160,050</u>	-	-	-	-	<u>160,050</u>
<u>Depreciable capital assets:</u>						
Buildings	26,977,578	-	-	-	-	26,977,578
Building improvements	621,061	-	-	-	-	621,061
Improvement other than buildings	44,692	-	-	-	-	44,692
Mobile equipment	2,845,818	367,920	65,857	-	-	3,147,881
Furniture and equipment	971,278	29,063	27,843	-	-	972,498
Total depreciable capital assets	<u>31,460,427</u>	<u>396,983</u>	<u>93,700</u>	-	-	<u>31,763,710</u>
<u>Less accumulated depreciation for:</u>						
Buildings	5,476,956	556,893	-	-	-	6,033,849
Building improvements	74,527	24,842	-	-	-	99,369
Improvements other than buildings	5,363	1,788	-	-	-	7,151
Mobile equipment	1,726,887	201,927	59,271	-	-	1,869,543
Furniture and equipment	839,900	59,053	26,730	-	-	872,223
Total accumulated depreciation	<u>8,123,633</u>	<u>844,503</u>	<u>86,001</u>	-	-	<u>8,882,135</u>
Total depreciable capital assets, net	<u>23,336,794</u>	<u>(447,520)</u>	<u>7,699</u>	-	-	<u>22,881,575</u>
Governmental activities capital assets, net	<u>\$ 23,496,844</u>	<u>(447,520)</u>	<u>7,699</u>	<u>-</u>	<u>-</u>	<u>\$ 23,041,625</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 583,524
Support services	59,053
Non-instructional	201,926
Total depreciation expense	<u>\$ 844,503</u>

The capital assets above include significant amounts of land, buildings, mobile equipment, and furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 5 - LONG-TERM LIABILITIES

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

	Balance July 1, 2007	Additions	Reduction	Adjustments	Balance June 30, 2008	Amount Due Within One Year
A. General obligation bond payable	\$ 1,800,000	-	1,055,000	-	\$ 745,000	\$ 745,000
B. Certificates of participation payable	129,048	-	129,048	-	-	-
C. Three mill note payable	938,910	-	409,122	-	529,788	422,162
D. Shortfall note payable	-	242,000	-	-	242,000	76,156
E. Other loans payable	52,286	-	20,915	-	31,371	20,915
F. Compensated absences payable	<u>116,459</u>	-	<u>11,408</u>	-	<u>105,051</u>	<u>40,875</u>
Total	<u>\$ 3,036,703</u>	<u>242,000</u>	<u>1,625,493</u>	<u>-</u>	<u>\$ 1,653,210</u>	<u>\$ 1,305,108</u>

A. General obligation bonds payable.

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation Refunding Bonds, Series 2001	2.9 to 4.0%	9/1/01	9/1/08	\$ 7,150,000	\$ 745,000

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

Year Ending June 30,	Principal	Interest	Total
2009	\$ 745,000	14,900	\$ 759,900
Total	<u>\$ 745,000</u>	<u>14,900</u>	<u>\$ 759,900</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2008, the amount of outstanding bonded indebtedness was equal to 1% of property assessments as of October 1, 2007. This debt will be retired from the Debt Service Fund.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

C. Three mill notes payable

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Series 2004	3.15%	7/27/04	7/27/09	\$ 2,000,000	\$ 529,788

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 422,162	11,734	\$ 433,896
2010	<u>107,626</u>	<u>848</u>	<u>108,474</u>
Total	\$ <u>529,788</u>	<u>12,582</u>	\$ <u>542,370</u>

This debt will be retired from the TCS debt three mill fiscal year 2004 Debt Service Fund.

D. Shortfall notes payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2007 Shortfall Note	5.81%	12/14/07	12/14/10	\$ <u>242,000</u>	\$ <u>242,000</u>
Total				\$ <u>242,000</u>	\$ <u>242,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 76,156	14,060	\$ 90,216
2010	80,581	9,636	90,217
2011	<u>85,263</u>	<u>4,954</u>	<u>90,217</u>
Total	\$ <u>242,000</u>	<u>28,650</u>	\$ <u>270,650</u>

This debt will be retired from the TCS shortfall fiscal year 2005 District Maintenance Fund.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

E. Other loans payable

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding</u>
EPA asbestos abatement	0%	5/4/90	11/30/09	\$ <u>376,465</u>	\$ <u>31,371</u>
Total				\$ <u>7,150,000</u>	\$ <u>745,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 20,915	-	\$ 20,915
2010	<u>10,456</u>	<u>-</u>	<u>10,456</u>
Total	<u>\$ 31,371</u>	<u>-</u>	<u>\$ 31,371</u>

This debt will be retired from the District Maintenance Fund.

F. 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.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2008 was 11.85% of 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, 2008, 2007 and 2006 were \$1,676,810, \$1,521,852, and \$1,391,993, respectively, which equaled the required contributions for each year.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 7 - PRIOR PERIOD ADJUSTMENTS/EXHIBITS

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanation

Reclassify fund equity - An adjustment to correct a prior year error in recording an asset or liability.	\$(663)
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Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balance

Major Funds	Explanations	Amount
Other governmental funds	Reclassify fund equity - An adjustment to correct a prior year error in recording an asset or liability.	\$ (660)

NOTE 8 - 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 Worker's 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 95 school districts and one community college and covers risks of loss arising from injuries to the member's employees. The Mississippi Worker's Compensation Commission requires that an indemnity agreement be executed by each member in a worker's 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 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.

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 9 - TRUST CERTIFICATES

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

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

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

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

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

TUNICA COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2008

TUNICA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	<u>Variances Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Local sources	\$ 12,221,527	11,479,492	11,479,492	(742,035)	\$ -
State sources	8,969,926	8,883,325	8,883,325	(86,601)	-
Federal sources	<u>166,402</u>	<u>70,883</u>	<u>71,740</u>	<u>(95,519)</u>	<u>857</u>
Total Revenues	<u>21,357,855</u>	<u>20,433,700</u>	<u>20,434,557</u>	<u>(924,155)</u>	<u>857</u>
Expenditures:					
Instruction	10,693,472	10,394,667	10,394,668	298,805	(1)
Support services	9,292,072	8,599,826	8,599,826	692,246	-
Noninstructional services	64,511	84,670	84,670	(20,159)	-
Debt Service:					
Principal	<u>20,915</u>	<u>20,915</u>	<u>20,915</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>20,070,970</u>	<u>19,100,078</u>	<u>19,100,079</u>	<u>970,892</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,286,885</u>	<u>1,333,622</u>	<u>1,334,478</u>	<u>46,737</u>	<u>856</u>
Other Financing Sources (Uses):					
Sale of transportation equipment	-	1,238	1,127	1,238	(111)
Insurance loss recovery	-	210	210	210	-
Proceeds from loans	242,900	242,000	242,000	(900)	-
Operating transfers in	478,490	761,963	17,963	283,473	(744,000)
Other sources	-	30,346	30,456	30,346	110
Operating transfers out	<u>(2,641,769)</u>	<u>(3,100,688)</u>	<u>(2,356,688)</u>	<u>(458,919)</u>	<u>744,000</u>
Total Other Financing Sources (Uses)	<u>(1,920,379)</u>	<u>(2,064,931)</u>	<u>(2,064,932)</u>	<u>(144,552)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(633,494)</u>	<u>(731,309)</u>	<u>(730,454)</u>	<u>191,289</u>	<u>855</u>
Fund Balances:					
July 1, 2007	<u>4,317,837</u>	<u>5,684,677</u>	<u>5,683,816</u>	<u>1,366,840</u>	<u>(861)</u>
June 30, 2008	<u>\$ 3,684,343</u>	<u>4,953,368</u>	<u>4,953,362</u>	<u>1,558,129</u>	<u>\$ (6)</u>

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

TUNICA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Governmental Funds
 Title I Grant Fund
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Local sources	\$ -	349	349	349	\$ -
Federal sources	<u>1,104,541</u>	<u>978,780</u>	<u>978,780</u>	<u>(125,761)</u>	<u>-</u>
Total Revenues	<u>1,104,541</u>	<u>979,129</u>	<u>979,129</u>	<u>(125,412)</u>	<u>-</u>
Expenditures:					
Instruction	333,167	325,883	325,883	7,284	-
Support services	<u>559,445</u>	<u>438,595</u>	<u>438,595</u>	<u>120,850</u>	<u>-</u>
Total Expenditures	<u>892,612</u>	<u>764,478</u>	<u>764,478</u>	<u>128,134</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>211,929</u>	<u>214,651</u>	<u>214,651</u>	<u>2,722</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	<u>(211,929)</u>	<u>(214,651)</u>	<u>(214,651)</u>	<u>(2,722)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(211,929)</u>	<u>(214,651)</u>	<u>(214,651)</u>	<u>(2,722)</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2008	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

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

TUNICA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Governmental Funds
 Title II Grant Funds
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 30	30	30	-	\$ -
Federal sources	<u>220,448</u>	<u>109,466</u>	<u>109,466</u>	<u>(110,982)</u>	<u>-</u>
Total Revenues	<u>220,478</u>	<u>109,496</u>	<u>109,496</u>	<u>(110,982)</u>	<u>-</u>
Expenditures:					
Instruction	149,668	77,986	77,986	71,682	-
Support services	<u>27,479</u>	<u>31,510</u>	<u>31,510</u>	<u>(4,031)</u>	<u>-</u>
Total Expenditures	<u>177,147</u>	<u>109,496</u>	<u>109,496</u>	<u>67,651</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>43,331</u>	<u>-</u>	<u>-</u>	<u>(43,331)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	<u>(43,301)</u>	<u>-</u>	<u>-</u>	<u>43,301</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(43,301)</u>	<u>-</u>	<u>-</u>	<u>43,301</u>	<u>-</u>
Net Change in Fund Balances	<u>30</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>-</u>
Fund Balances:					
July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2008	<u>\$ 30</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>\$ -</u>

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2008

Budgetary Comparison Schedule

(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.

TUNICA COUNTY SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through MS Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	408,620
National School Lunch Program	10.555	886,667
Summer Food Service Program for Children	10.559	<u>68,593</u>
Total Child Nutrition Cluster		<u>1,363,880</u>
Child and Adult Care Food Program	10.558	<u>5,872</u>
Total U.S. Department of Agriculture		<u>1,369,752</u>
 <u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - Grants to local educational agencies	84.010	1,138,800
Career and technical education - basic grants to states	84.048	32,440
Safe and drug-free schools and communities - state grants	84.186	14,213
State grants for innovative programs	84.298	39,215
Education technology state grants	84.318	10,296
Improving teacher quality - state grants	84.367	109,466
Grants for state assessments and related activities	84.369	<u>160</u>
Total		<u>1,344,590</u>

TUNICA COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special education cluster:		
Special education - grants to states	84.027	\$ 477,312
Special education - preschool grants	84.173	<u>11,275</u>
Total Special Education Cluster		<u>488,587</u>
Total Passed-through Mississippi Department of Education		<u>1,833,177</u>
Total U.S. Department of Education		<u>1,833,177</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service		
Administrative Company:		
The schools and libraries program of the universal service fund		<u>70,799</u>
Total Federal Communications Commission	32.XXX	<u>70,799</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officer's Training Program	12.XXX	<u>57,316</u>
Total U. S. Department of Defense		<u>57,316</u>
Total for All Federal Awards		<u>\$ 3,331,044</u>

TUNICA COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Notes to Schedule
For the Year Ended June 30, 2008

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying number to the school district.
4. The balance outstanding at June 30, 2008, of the loan received in a previous fiscal year under former CFDA #66.702 for asbestos removal was \$31,371.

TUNICA COUNTY SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures
Governmental Funds
For the Year Ended June 30, 2008

<u>Expenditures</u>	<u>Total</u>	<u>Instructional and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 18,953,009	13,361,592	899,274	1,463,309	\$ 3,228,834
Other	<u>7,017,773</u>	<u>1,814,098</u>	<u>286,750</u>	<u>35,685</u>	<u>4,881,240</u>
Total	<u>\$ 25,970,782</u>	<u>15,175,690</u>	<u>1,186,024</u>	<u>1,498,994</u>	<u>\$ 8,110,074</u>
Total number of students*	<u>2,242</u>				
Cost per student	<u>\$ 11,584</u>	<u>6,769</u>	<u>529</u>	<u>669</u>	<u>3,617</u>

For purpose 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 class room assistants of any type. (all the 1000, 2100, & 2200 functional codes).

General Administration - includes expenditures for the following functions: Support Services - General Administration (2300s): and Support Services - Business (2500s).

School Administration - includes expenditures for the following function: Support Services - School Administration (2400s).

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 SUPPLEMENTAL INFORMATION

TUNICA COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
in Fund Balances
General Fund
Last Four Years

"UNAUDITED"

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 11,479,492	11,928,791	11,821,563	\$ 10,936,940
State sources	8,883,325	8,735,161	8,255,003	7,389,956
Federal sources	<u>71,740</u>	<u>155,621</u>	<u>135,833</u>	<u>63,000</u>
Total Revenue	<u>20,434,557</u>	<u>20,819,573</u>	<u>20,212,399</u>	<u>18,389,896</u>
Expenditures:				
Instruction	10,394,668	9,300,809	8,864,780	8,862,603
Support services	8,599,826	7,849,442	7,770,119	8,703,127
Noninstructional services	84,670	35,505	21,348	32,858
Debt services				
Principal	<u>20,915</u>	<u>20,915</u>	<u>20,915</u>	<u>20,924</u>
Total Expenditures	<u>19,100,079</u>	<u>17,206,671</u>	<u>16,677,162</u>	<u>17,619,512</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,334,478</u>	<u>3,612,902</u>	<u>3,535,237</u>	<u>770,384</u>
Other Financing Sources (Uses):				
Proceeds of loans	242,000	163,000	213,239	-
Insurance loss recoveries	210	62,886	1,489	-
Sale of transportation equipment	1,127	1,060	-	-
Operating transfers in	17,963	-	238,164	1,920,023
Other sources	30,456	34,112	-	4,416
Operating transfers out	<u>(2,356,688)</u>	<u>(2,712,425)</u>	<u>(2,839,851)</u>	<u>(4,002,809)</u>
Total Other Financing Sources (Uses)	<u>(2,064,932)</u>	<u>(2,451,367)</u>	<u>(2,386,959)</u>	<u>(2,078,370)</u>
Net Change in Fund Balances	<u>(730,454)</u>	<u>1,161,535</u>	<u>1,148,278</u>	<u>(1,307,986)</u>
Fund Balances:				
July 1,	5,683,816	4,494,831	3,252,328	4,581,511
Prior period adjustment,	-	<u>27,450</u>	<u>94,225</u>	<u>(1,028)</u>
July 1, as restated	<u>5,683,816</u>	<u>4,522,281</u>	<u>3,346,553</u>	<u>4,580,483</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,169)</u>
June 30,	<u>\$ 4,953,362</u>	<u>5,683,816</u>	<u>4,494,831</u>	<u>\$ 3,252,328</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"

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 12,026,782	12,478,944	12,365,645	\$ 11,408,718
Intermediate sources	85,206	388,821	-	-
State sources	9,680,558	9,232,169	8,720,455	7,822,098
Federal sources	3,331,128	3,481,310	3,531,332	3,553,127
Total Revenue	<u>25,123,674</u>	<u>25,581,244</u>	<u>24,617,432</u>	<u>22,783,943</u>
Expenditures:				
Instruction	12,387,193	11,337,784	11,007,419	11,163,517
Support services	10,127,724	9,325,053	9,244,888	10,139,378
Noninstructional services	1,763,106	1,608,041	1,462,135	1,542,942
Facilities acquisition and construction	-	-	35,199	475,322
Debt services				
Principal	1,614,085	2,322,372	1,887,155	1,621,499
Interest	75,770	151,216	198,286	236,918
Other	2,904	3,276	3,608	-
Total Expenditures	<u>25,970,782</u>	<u>24,747,742</u>	<u>23,838,690</u>	<u>25,179,576</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(847,108)</u>	<u>833,502</u>	<u>778,742</u>	<u>(2,395,633)</u>
Other Financing Sources (Uses):				
Proceeds of loans	242,000	163,000	213,239	2,000,000
Insurance loss recoveries	210	62,886	1,489	-
Sale of transportation equipment	1,127	1,060	-	-
Sale of other property	-	-	-	4,416
Operating transfers in	2,571,339	3,040,633	3,365,959	5,101,654
Other sources	30,456	34,112	-	-
Operating transfers out	(2,571,339)	(3,040,633)	(3,365,959)	(5,101,654)
Other uses	-	-	(3,123)	-
Total Other Financing Sources (Uses)	<u>273,793</u>	<u>261,058</u>	<u>211,605</u>	<u>2,004,416</u>
Net Change in Fund Balances	<u>(573,315)</u>	<u>1,094,560</u>	<u>990,347</u>	<u>(391,217)</u>
Fund Balances:				
July 1,	5,978,901	4,850,975	3,721,752	4,138,800
Prior period adjustments,	(660)	27,450	141,116	(1,028)
July 1, as restated	<u>5,978,241</u>	<u>4,878,425</u>	<u>3,862,868</u>	<u>4,137,772</u>
Increase (Decrease) in reserve for inventory	<u>(2,770)</u>	<u>5,916</u>	<u>(2,240)</u>	<u>(24,803)</u>
June 30,	<u>\$ 5,402,156</u>	<u>5,978,901</u>	<u>4,850,975</u>	<u>\$ 3,721,752</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUNICA COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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, 2008, which collectively comprise the Tunica County School District's basic financial statements and have issued our report thereon dated May 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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*.

The Tunica County School District's responses to the findings identified in our audit are described in the accompanying Response to Audit Findings. We did not audit Tunica County School District's responses and, accordingly, we express no opinion on them.

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. However, this report is a matter of public record and its distribution is not limited.

Banks, Finley, White & Co.

May 31, 2009



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

Superintendent and School Board
Tunica County School District

Compliance

We have audited the compliance of the Tunica County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Tunica County School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the 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, Tunica County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Tunica County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Question Costs as item 2008-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2008-3 to be a material weakness.

The Tunica County School District's response to the finding identified in our audit is described in the accompanying Responses to Audit Findings. We did not audit Tunica County School District's response and, accordingly, we express no opinion on it.

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. However, this report is a matter of public record and its distribution is not limited.

Burns, Finley, White & Co.
May 31, 2009

TUNICA COUNTY SCHOOL DISTRICT

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



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, 2008, which collectively comprise the Tunica County School District's basic financial statements and have issued our report thereon dated May 31, 2009. 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 Controller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$13,188 of classroom supply funds carried over from previous years.

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

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. However, this report is a matter of public record and its distribution is not limited.

Banks, Finley, White & Co.

May 31, 2009

TUNICA COUNTY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. Cluster: Child Nutrition
CFDA #10.553
CFDA #10.555
CFDA #10.559 | |
| | b. CFDA #84.010, Title I Grants to Local Educational Agencies | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

TUNICA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 2: Findings Relating to the Financial Statements

Finding 2008-1

Significant deficiency not considered a material weakness.

Condition

Although the school district follows the policies and procedures outlined in the "State of Mississippi Financial Accounting Manual for Mississippi Public Schools", the district does not have an up-to-date written manual of accounting policies and procedures. The purpose of such a manual is to ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A well-written accounting manual will aid in the training of new employees and will assist management in delegating and segregating duties. The manual should include:

An organization chart.

Job descriptions, outlining duties and responsibilities.

Description of methods, procedures and accounting principles to be followed including explanations and examples of principle transactions

A chart of accounts with detailed explanations of items to be included therein, (Included in state manual).

Any other documents or forms for which uniformity of use is desired.

Cause

The district has not developed a policy and procedures manual that reflects the actual policies and accounting procedures used by the district.

Effect

The actual policies and procedures followed by the district are not in writing.

Criteria

OMB Common Rule Section 20:Standards for financial management systems, Part b (3), states that "Effective control and accountability must be maintained" .

Recommendation

We recommend that the district develop a comprehensive accounting policies and procedures manual.

Finding 2008-2

Significant deficiency not considered a material weakness.

Condition

Our test of Tunica County School District's Activity/club fund receipts revealed banks deposits were not made in a timely manner

Cause

Internal administrative control procedures have not been implemented to ensure the safe guard of activities of student club funds.

Effect

Weakness in administrative control procedures over student club funds.

Criteria

State of Mississippi Financial Accounting Manual for Mississippi Public School Districts "Section F" Activity Funds.

Recommendation

The district should implement policies and procedures to correct the weaknesses stated above. Guidance can be found in the Financial Accounting Manual for Mississippi Public School Districts.

Section 3: Federal Award Findings and Questioned Costs

DEPARTMENT OF AGRICULTURE

Finding 2008-3

Material Weakness

Child Nutrition Cluster; CFDA #10.553, CFDA #10.555 & CFDA # 10.559

Reportable condition

During our testing of twenty-five school lunch daily receipts, we found that three (3) receipts were not deposited timely and one receipt was not deposited in the bank nor recorded in the accounting records.

Cause

Internal administrative control procedures have not been implemented to ensure that program income is deposited in a timely manner and reconciled to collection reports.

Effect

Weakness in internal control over program income.

Criteria

OMB Common Rule Section 20:Standards for financial management systems, Part b (3), states that "Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes".

Recommendation

All program income collected should be deposited on a daily basis to safeguard the district's assets against possible loss.

TUNICA COUNTY SCHOOL DISTRICT
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section .315(b) of OMB Circular A-133, the TUNICA County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2007:

There were no prior year findings.



**TUNICA COUNTY SCHOOL DISTRICT
RESPONSES TO AUDIT FINDING
FOR THE SCHOOL YEAR ENDING 2007-2008**

Finding 2008-01

Condition

Although the school district follows the policies and procedures outlined in the “State of Mississippi Financial Accounting Manual for Mississippi Public Schools”, the district does not have an up-to-date written manual of accounting policies and procedures. The purpose of such manual is to ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and the financial reports are produced in the form desired by management. A well-written accounting manual will aid in the new training of employees and will assist management in delegating and segregating duties. The manual should include:

- An organization chart
- Job description, outlining duties and responsibilities
- Description of method, procedures and accounting principles to be followed including explanations and examples of principle transactions
- A chart of accounts with detailed explanations of items to be included therein, (Included in state manual)
- Any other documents or forms for which uniformity of use is desired

Cause

The district has not developed a policy and procedures manual that reflects the actual policies and accounting procedures used by the district.

Effect

The actual policies and procedures followed by the district are not in writing.

Criteria

OMB Common Rule Section 20: Standards for financial management systems, Part b (3), states that “Effective control and accountability must be maintained”.

Recommendation

We recommend that the district develop a comprehensive accounting policies and procedures manual.

Finding 2008-01 Correction Action Detail

Person Responsible

Yulanda J. Austin, Business Manager
662-363-2811, Ext. 224

Corrective Action Plan

The district will develop a comprehensive accounting policies and procedures manual that includes an organizational chart, job descriptions outlining duties and responsibilities, description of method, procedures and accounting principles to be followed including explanations and examples of principle

transactions, a chart of accounts with detailed explanations of items to be included therein, and any other documents, forms, or pertinent information which uniformity of use is desired.

Anticipated Completion Date

The anticipated completion date will last three months of fiscal year 2009.

Finding 2008-02

Condition

Our test of the Tunica County School District's Activity/Club fund receipts revealed banks deposits were not made in a timely manner.

Cause

Internal administrative control procedures have not been implemented to ensure the safeguard of activities of student club funds.

Effect

Weakness in administrative control procedures over student club funds.

Criteria

State of Mississippi Financial Accounting Manual for Mississippi Public Schools Districts "Section F" Activity Funds.

Recommendation

The district should implement policies and procedures to correct the weakness stated above. Guidance can be found in the Financial Accounting Manual for Mississippi Public School Districts.

Finding 2008-02 Correction Action Detail

Person Responsible

Jerry Gentry, Sr., Superintendent of Education
662-363-2811, Ext. 222

Corrective Action Plan

The district will implement policies and procedures to ensure that administration adheres to and safeguards the activities of student club funds.

Anticipated Completion Date

The anticipated completion date will last three months of fiscal year 2009.

Finding 2008-03

Condition

Child Nutrition Cluster; CFDA #10.553, CFDA #10.555 & CFDA #10.559.

Cause

Internal administrative control procedures have not been implemented to ensure that program income is deposited in a timely manner and reconciled to collection reports.

Effect

Weakness in internal control over program income.

Criteria

OMB Common Rule Section 20: Standards for financial management systems, Part b (3), states that "Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that is used solely for authorized purposes".

Recommendation

All program income collected should be deposited on a daily basis to safeguard the district's assets against possible loss.

Finding 2008-03 Correction Action Detail

Person Responsible

Jerry Gentry, Sr., Superintendent of Education
Yvonne Franklin, Food Service Director
662-363-2811

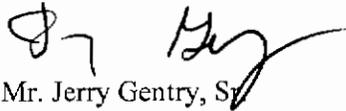
Corrective Action Plan

The Food Service Director will be required to submit a copy of the "Monthly Summary of Daily Record Report" to the business office to confirm that accurate and prompt deposits are made.

Anticipated Completion Date

The anticipated completion date will be the last three months of fiscal year 2009.

Sincerely,



Mr. Jerry Gentry, Sr.
Superintendent of Education