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TUNICA COUNTY SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

TUNICA COUNTY SCHOOL DISTRICT
June 30, 2014

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TUNICA COUNTY SCHOOL DISTRICT
June 30, 2014

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BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Tunica County School District

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Tunica County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

308 HIGHLAND PARK COVE • RIDGELAND, MS 39157 • (601) 353-5423 • FAX (601) 353-5426

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, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 14 and 40 - 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015, on our consideration of the Tunica County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tunica County School District's internal control over financial reporting and compliance.

Barnfry, White & Co.

February 20, 2015
Ridgeland, Mississippi

TUNICA COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Tunica County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Total net position for 2014 decreased $738,553, which represents a 2.41% decrease from fiscal year 2013. Total net position for 2013 increased $218,737, which represent a 0.72% increase from fiscal year 2012.

- General revenues amounted to $20,492,399 and $20,590,736, or 84.34% and 82.90% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $3,803,965 or 15.66% of total revenues for 2014, and $4,247,657, or 17.10% of total revenues for 2013.

- The District had $25,034,917 and $24,619,656 in expenses for fiscal years 2014 and 2013; only $3,803,965 for 2014 and $4,247,657 for 2013 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $20,492,399 for 2014 were not adequate to provide for these programs and $20,590,736 for 2013 were adequate to provide for these programs.

- Among major funds, the General Fund had $20,277,275 in revenues and $19,499,246 in expenditures for 2014 and $20,164,567 in revenues and $18,695,228 in expenditures in 2013. The General Fund's fund balance decreased by $146,364 from 2013 to 2014, and increased by $645,248 from 2012 to 2013.

- Capital assets, net of accumulated depreciation, decreased by $480,507 for 2014 and decreased by $766,157 for 2013. The decrease for 2014 was due to depreciation taken on the assets.

- Long-term debt decreased by $195,728 for 2014 and decreased by $181,519 for 2013. The decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by $7,824 for 2014 and decreased by $15,663 for 2013.

Overview of Financial Statements

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $29,855,875 as of June 30, 2014.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2014 and 2013.

Table 1
Condensed Statement of Net Position

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	$ 10,211,514	$ 10,695,707	(4.53)%
Capital assets, net	19,865,874	20,346,381	(2.36)%
Total assets	30,077,388	31,042,088	(3.11)%
Current liabilities	51,328	73,923	(30.57)%
Long-term debt outstanding	170,185	373,737	(54.46)%
Total liabilities	221,513	447,660	(50.52)%
Net position:			
Net investment in, capital assets	19,865,874	20,346,381	(2.36)%
Restricted	816,995	1,020,198	(19.92)%
Unrestricted	9,173,006	9,227,849	(0.59)%
Total net position	$ 29,855,875	$ 30,594,428	(2.41)%

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

- Decrease in total current assets in the amount of $ 484,193
- Decrease in net capital assets in the amount of $ 480,507

Changes in net position - The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were $24,296,364 and $24,838,393, respectively. The total cost of all programs and services was $25,034,917 for 2014 and $24,619,656 for 2013.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

Table 2
Changes in Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013	Percentage Change
Revenues			
Program revenues:			
Charges for services	$ 203,010	$ 204,875	(0.91)%
Operating grants and contributions	3,600,955	4,042,782	(10.93)%
Total program revenue	3,803,965	4,247,657	(10.45)%
General revenues:			
Property and gaming taxes	10,984,292	11,230,370	(2.19)%
Grants and contributions not restricted	9,420,583	9,098,373	3.54 %
Investment earnings	25,866	24,859	4.05 %
Other	61,658	237,134	(74.00)%
Total general revenues	20,492,399	20,590,736	(0.48)%
Total revenues	24,296,364	24,838,393	(2.18)%
Expenses:			
Instruction	12,908,227	13,080,404	(1.32)%
Support services	10,242,192	9,732,491	5.24 %
Non-instructional	1,880,284	1,796,554	4.66 %
Interest on long-term liabilities	4,214	10,207	(58.71)%
Total expenses	25,034,917	24,619,656	1.69 %
Increase (Decrease) in net position	(738,553)	218,737	(437.64)%
Net Position, July 1	30,594,428	30,375,691	0.72 %
Net Position, June 30	$ 29,855,875	$ 30,594,428	(2.41)%

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		
	2014	2013	Percentage Change
Instruction	$ 12,908,227	$ 13,080,404	(1.32)%
Support services	10,242,192	9,732,491	5.24 %
Non-instructional	1,880,284	1,796,554	4.66 %
Interest on long-term liabilities	4,214	10,207	(58.71)%
Total expenses	$ 25,034,917	$ 24,619,656	1.69 %

	Net (Expense) Revenue		
	2014	2013	Percentage Change
Instruction	$ (11,546,452)	$ (11,664,176)	(1.01)%
Support services	(9,422,994)	(8,703,388)	8.27 %
Non-instructional	(257,292)	5,772	(4,557.59)%
Interest on long-term liabilities	(4,214)	(10,207)	(58.71)%
Total net (expense) revenue	$ (21,230,952)	$ (20,371,999)	4.22 %

- Net cost of governmental activities, ($21,230,952) for 2014 and $(20,371,999) for 2013), was financed by general revenue, which is primarily made up of property taxes ($10,984,292 for 2014 and $11,230,370 for 2013) and state and federal revenues ($9,420,583 for 2014 and $9,098,373 for 2013).

- Investment earnings amounted to $25,866 for 2014 and $24,859 for 2013.

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, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $10,161,639, a decrease of $463,412 which includes an increase in inventory of $2,942. $9,322,392 or 91.74% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $839,247 or 8.26% is either nonexpendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $146,364. The fund balance of the Other Governmental Funds showed a decrease in the amount of $317,048. The increase (decrease) in fund balances for other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Fund	No increase or decrease
Extended School Year Fund	No increase or decrease

BUDGETARY HIGHLIGHTS

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

- Budgeted amounts for local revenues in the General Fund decreased. Original amounts budgeted for gaming revenues were overestimated.
- Budgeted amounts for instructions decreased due to teacher positions in the original budget that were not filled.
- Budgeted amounts for support services decreased due to a reduction in the number of hours worked by the support staff.
- Budgeted amounts for revenues and expenditures of Title I funds were revised during the fiscal year to reflect actual revenue received and expenditures incurred during the fiscal year.
- Budgeted amounts for revenues and expenditures of Extended School Year funds were revised during the fiscal year to reflect actual revenue received and expenditures incurred during the fiscal year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2014, the District's total capital assets were $33,147,266, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of $277,646 from 2013. Total accumulated depreciation as of June 30, 2014 was $13,281,392, and total depreciation expense for the year was $852,596, resulting in total net capital assets of $19,865,874.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	$ 160,050	$ 160,050	- %
Buildings	17,777,045	18,295,676	(2.83)%
Building improvements	372,638	397,480	(6.25)%
Improvements other than buildings	26,814	28,602	(6.25)%
Mobile equipment	1,162,054	1,080,882	7.51 %
Furniture and equipment	367,273	383,691	(4.28)%
Total	$ 19,865,874	$ 20,346,381	(2.36)%

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

Debt Administration - At June 30, 2014, the District had $170,185 in outstanding long-term debt, of which $28,949 is due within one year. The liability for compensated absences decreased by $7,824 from the prior year.

The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
Shortfall note payable	$ 89,434	$ 285,162	(68.64)%
Compensated absences payable	80,751	88,575	(8.83)%
Total	$ 170,185	$ 373,737	(54.46)%

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

CURRENT ISSUES

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

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

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

Enrollment for the 2013 - 2014 year increased by 0.01% to 2,109 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

TUNICA COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

EXHIBIT A

TUNICA COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	$ 9,096,464
Due from other governments	998,411
Other receivables, net	93,879
Inventories	22,760
Capital assets, nondepreciable:	
Land	160,050
Capital assets, net of accumulated depreciation:	
Buildings	17,777,045
Building improvements	372,638
Improvements other than buildings	26,814
Mobile equipment	1,162,054
Furniture and equipment	367,273
Total Assets	30,077,388
Liabilities	
Accounts payable and accrued liabilities	49,875
Interest payable on long-term liabilities	1,453
Long-term liabilities, due within one year:	
Non-capital related liabilities	28,949
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	141,236
Total Liabilities	221,513
Net Position	
Net investment in capital assets	19,865,874
Restricted for:	
Expendable:	
School-based activities	145,248
Debt service	612,700
Unemployment benefits	59,047
Unrestricted	9,173,006
Total Net Position	$ 29,855,875

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

EXHIBIT B

TUNICA COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$12,908,227	$203,010	$ 1,158,765	$ -	$(11,546,452)
Support services	10,242,192	-	819,198	-	(9,422,994)
Non-instructional	1,880,284	-	1,622,992	-	(257,292)
Interest on long-term liabilities	4,214	-	-	-	(4,214)
Total Governmental Activities	$25,034,917	$203,010	$ 3,600,955	$ -	(21,230,952)

General Revenues:	
Taxes:	
General purpose levies	7,874,314
Debt purpose levies	78,160
Gaming	3,031,818
Unrestricted grants and contributions:	
State	9,385,509
Federal	35,074
Unrestricted investment earnings	25,866
Other	61,658
Total General Revenues	20,492,399
Change in Net Position	(738,553)
Net Position - Beginning	30,594,428
Net Position - Ending	$ 29,855,875

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

TUNICA COUNTY SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2014

	Major	
	General Fund	Title I Fund
ASSETS		
Cash and cash equivalents	$ 8,301,910	$ -
Due from other governments	576,592	321,637
Due from other funds	504,388	13,400
Inventories	-	-
Total Assets	$ 9,382,890	$ 335,037
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 39,699	$ 1,000
Due to other funds	-	334,037
Unearned revenue	-	-
Total Liabilities	39,699	335,037
FUND BALANCES:		
Nonspendable:		
Inventory	-	-
Restricted:		
Unemployment benefits	-	-
Debt service	-	-
Grant activities	-	-
Food Service	-	-
Assigned:		
Special education	6	-
Activity	20,793	-
Unassigned:	9,322,392	-
Total Fund Balances	9,343,191	-
Total Liabilities and Fund Balances	$ 9,382,890	$ 335,037

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

EXHIBIT C

Funds		
Extended School Year Funds	Other Governmental Funds	Total Governmental Funds
$ -	$ 794,554	$ 9,096,464
57,985	42,196	998,410
-	1,580	519,368
-	22,760	22,760
$ 57,985	$ 861,090	$ 10,637,002
$ 4,759	$ 3,687	$ 49,145
53,226	38,955	426,218
-	-	-
57,985	42,642	475,363
-	22,760	22,760
-	59,047	59,047
-	614,153	614,153
-	60,493	60,493
-	61,995	61,995
-	-	6
-	-	20,793
-	-	9,322,392
-	818,448	10,161,639
$ 57,985	$ 861,090	$ 10,637,002

EXHIBIT C-1

TUNICA COUNTY SCHOOL DISTRICT
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total Fund Balances for Governmental Funds		$10,161,639
Amounts reported for governmental activities in the Statement of net position are different because:		
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds:		
Land	$ 160,050	
Buildings	26,942,379	
Building improvements	621,061	
Improvements other than buildings	44,692	
Mobile equipment	3,897,539	
Furniture and equipment	1,481,545	
Accumulated depreciation	(13,281,392)	19,865,874
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(89,434)	
Compensated absences	(80,751)	
Accrued interest payable	(1,453)	(171,638)
Net position of governmental activities		$29,855,875

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

TUNICA COUNTY SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	Major	
	General Fund	Title I Fund
Revenues:		
Local sources	$ 11,109,087	$ 11
State sources	9,133,114	-
Federal sources	35,074	917,660
Total Revenues	20,277,275	917,671
Expenditures:		
Instruction	10,483,649	514,384
Support services	9,010,247	271,409
Noninstructional services	5,350	36,556
Debt service:		
Principal	-	-
Interest	-	-
Total Expenditures	19,499,246	822,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	778,029	95,322
Other Financing Sources (Uses):		
Operating transfers in	8,535	-
Operating transfers out	(932,928)	(95,322)
Total Other Financing Sources (Uses)	(924,393)	(95,322)
Net Change in Fund Balances	(146,364)	-
Fund Balances:		
July 1, 2013	9,489,555	-
Increase (Decrease) in reserve for inventory	-	-
June 30, 2014	$ 9,343,191	$ -

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

Funds		
Extended School Year Funds	Other Governmental Funds	Total Governmental Funds
$ -	$ 165,735	$ 11,274,833
19,877	677,093	9,830,084
-	2,238,720	3,191,454
19,877	3,081,548	24,296,371
13,050	1,356,984	12,368,067
6,827	1,021,193	10,309,676
-	1,841,321	1,883,227
-	195,728	195,728
-	6,027	6,027
19,877	4,421,253	24,762,725
-	(1,339,705)	(466,354)
-	1,028,250	1,036,785
-	(8,535)	(1,036,785)
-	1,019,715	-
-	(319,990)	(466,354)
-	1,135,496	10,625,051
-	2,942	2,942
$ -	$ 818,448	$ 10,161,639

EXHIBIT D-1

TUNICA COUNTY SCHOOL DISTRICT
Governmental Funds
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, 2014

Net Change in Fund Balances - Total Governmental Funds		$ (466,354)
Amounts reported for governmental activities in the Statement of Activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 378,867	
Depreciation expense	(852,596)	(473,729)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.		(6,778)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments to debt principal	195,728	
Accrued interest payable	1,814	197,542
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	7,824	
Change in inventory reserve	2,942	10,766
Change in net position of Governmental Activities		$ (738,553)

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

EXHIBIT E

TUNICA COUNTY SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 995,782
Due from other funds	729
Total Assets	$ 996,511
Liabilities	
Accounts payable and accrued liabilities	$ 895,786
Due to other funds	93,879
Due to student clubs	6,846
Total Liabilities	$ 996,511

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

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 to 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 specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Title I Fund - This fund is used to account for the federal revenues and expenditures associated with the education of economically deprived children.

Extended School Year Fund - This fund is used as an individual instructional program which is extended beyond the regular school year for students with disabilities participating in the special education program.

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

The District's fiduciary funds include the following:

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS TYPES

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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 position 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 are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 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.

D. Encumbrances.

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

E. Assets, liabilities, and net position/fund balances

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of 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.

5. Restricted Assets.

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes.

6. Capital Assets.

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

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

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

The following schedule details the capitalization thresholds.

	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.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal 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).

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

8. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide, financial statements, outstanding debt is reported as liabilities. 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 Balances.

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

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

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

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

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

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $9,096,464 and $995,782 respectively. The bank balance was $10,750,500.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of $10,750,500 was exposed to custodial credit risk.

NOTE 3 - INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	$ 334,037
	Extended School Year Fund	53,226
	Other governmental funds	24,826
	Fiduciary funds	92,299
Title 1 Grant	Other governmental funds	13,400
Other governmental funds	Fiduciary funds	1,580
Fiduciary funds	Other governmental funds	729
Total		$ 520,097

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

B. Inter-fund Transfers

Transfer Out	Transfer In	Amount
General Fund	Other governmental funds	$ 932,928
Title I Grant	Other governmental funds	95,322
Other Governmental fund	General Fund	8,535
Total		$ 1,036,785

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

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Non-depreciable Capital assets:				
Land	$ 160,050	$ -	$ -	$ 160,050
Total non-depreciable capital assets	160,050	-	-	160,050
Depreciable capital assets:				
Buildings	26,942,379	-	-	26,942,379
Building improvements	621,061	-	-	621,061
Improvements other than buildings	44,692	-	-	44,692
Mobile equipment	3,687,687	273,922	64,070	3,897,539
Furniture and equipment	1,413,751	104,945	37,151	1,481,545
Total depreciable capital assets	32,709,570	378,867	101,221	32,987,216
Less accumulated depreciation for:				
Buildings	8,646,703	518,631	-	9,165,334
Building improvements	223,581	24,842	-	248,423
Improvements other than buildings	16,090	1,788	-	17,878
Mobile equipment	2,606,805	186,343	57,663	2,735,485
Furniture and equipment	1,030,060	120,992	36,780	1,114,272
Total accumulated depreciation	12,523,239	852,596	94,443	13,281,392
Total depreciable capital assets, net	20,186,331	(473,729)	6,778	19,705,824
Governmental activities capital assets, net	$ 20,346,381	$ (473,729)	$ 6,778	$ 19,865,874

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental Activities:	
Instruction	$ 545,262
Support services	120,992
Non-instructional	186,342
Total depreciation expense-Governmental Activities	$ 852,596

NOTE 5 - LONG-TERM LIABILITIES

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
A. Shortfall notes payable	$ 285,162	$ -	$ 195,728	$ 89,434	$ 28,949
B. Compensated absences payable	88,575	-	7,824	80,751	-
Total	$ 373,737	$ -	$ 203,552	$ 170,185	$ 28,949

A. Shortfall Notes Payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Note, Series 2013	2.95%	12-1-13	12-11-16	$ 89,434	$ 89,434
Total				$ 89,434	$ 89,434

The amount outstanding is included in due from other governments on the Statement of Net Position.

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

Shortfall notes payable issue of 2013:

Year Ending June 30	Principal	Interest	Total
2015	$ 28,949	$ 2,638	$ 31,587
2016	29,803	1,784	31,587
2017	30,682	905	31,587
Total	$ 89,434	$ 5,327	$ 94,761

This debt will retire from the TCSD Debt Shortfall Fund.

B. Compensated absences payable

As more fully explained in Note 1 (E)(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 9.00% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% 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, 2014, 2013 and 2012 were $2,196,973, $1,970,488, and $1,737,038, respectively, which equaled the required contributions for each year.

NOTE 7 - CONTINGENCIES

Federal Grants - The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these recourses are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

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

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.

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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 94 school districts 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.

NOTE 9 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Tunica County School District evaluated the activity of the district through February 20, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

TUNICA COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 1

TUNICA COUNTY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variances Positive (Negative)	
	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 11,366,467	$ 11,084,924	$11,109,087	$ (281,543)	$ 24,163
State sources	9,143,105	9,133,114	9,133,114	(9,991)	-
Federal sources	116,809	35,074	35,074	(81,735)	-
Total Revenues	20,626,381	20,253,112	20,277,275	(373,269)	24,163
Expenditures:					
Instruction	10,892,766	10,485,218	10,483,649	407,548	1,569
Support services	9,857,211	9,155,563	9,010,247	701,648	145,316
Noninstructional services	9,000	5,350	5,350	3,650	-
Total Expenditures	20,758,977	19,646,131	19,499,246	1,112,846	146,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,596)	606,981	778,029	739,577	171,048
Other Financing Sources (Uses):					
Other financing sources	7,500	-	-	(7,500)	-
Operating transfers in	1,827,646	1,454,425	8,535	(373,221)	(1,445,890)
Operating transfers out	(3,089,460)	(2,378,818)	(932,928)	710,642	1,445,890
Total Other Financing Sources (Uses)	(1,254,314)	(924,393)	(924,393)	329,921	-
Net Change in Fund Balances	(1,386,910)	(317,412)	(146,364)	1,069,498	171,048
Fund Balances:					
July 1, 2013	9,514,637	9,489,556	9,489,555	(25,081)	(1)
June 30, 2014	$ 8,127,727	$ 9,172,144	$ 9,343,191	$ 1,044,417	$ 171,047

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

EXHIBIT 2

TUNICA COUNTY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variances Positive(Negative)	
	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ -	$ 11	$ 11	$ 11	$ -
Federal sources	1,355,158	917,660	917,660	(437,498)	-
Total Revenues	1,355,158	917,671	917,671	(437,487)	-
Expenditures:					
Instruction	699,879	514,384	514,384	185,495	-
Support services	397,333	271,409	271,409	125,924	-
Noninstructional services	82,507	36,556	36,556	45,951	-
Total Expenditures	1,179,719	822,349	822,349	357,370	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	175,439	95,322	95,322	(80,117)	-
Other Financing Sources (Uses):					
Operating transfers out	(175,439)	(95,322)	(95,322)	80,117	-
Total Other Financing (Uses)	(175,439)	(95,322)	(95,322)	80,117	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30 , 2014	$ -	$ -	$ -	$ -	$ -

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

EXHIBIT 3

TUNICA COUNTY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Governmental Funds
Extended School Year Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variances Positive (Negative)	
	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
Revenues:					
State sources	$ 25,280	$ 19,877	$ 19,877	$ (5,403)	$ -
Total Revenues	25,280	19,877	19,877	(5,403)	-
Expenditures:					
Instructional	21,743	13,050	13,050	8,693	-
Support services	3,537	6,827	6,827	(3,290)	-
Total Expenditures	25,280	19,877	19,877	5,403	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	$ -	$ -	$ -	$ -	$ -

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

TUNICA COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

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

SUPPLEMENTARY INFORMATION

TUNICA COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through MS Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 513,931
National School Lunch Program	10.555	1,149,409
Summer Food Service Program for Children	10.559	15,444
Total Child Nutrition Cluster		1,678,784
Total Passed-through the Mississippi Department of Education		1,678,784
Total U.S. Department of Agriculture		1,678,784
U. S. Department of Defense		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	65,020
Total U.S. Department of Defense		65,020
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	28,573
Total Federal Communications Commission		28,573
U. S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I - Grants to local educational agencies	84.010	929,194
Career and Technical Education - Basic Grants to State	84.048	35,406
Improving Teacher Quality State Grants	84.367	109,041
Subtotal U.S. Department of Education		1,073,641

TUNICA COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. Department of Education		
Special education cluster:		
Special education - grants to states	84.027	$ 328,210
Special education - preschool grants	84.173	10,726
Total Special Education Cluster		338,936
Total Passed-through Mississippi Department of Education		1,412,577
Total U.S. Department of Education		1,412,577
Total for All Federal Awards		$ 3,184,954

TUNICA COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
Notes to Schedule
For the Year Ended June 30, 2014

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 numbers to the school district.

TUNICA COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures
Governmental Funds
For the Year Ended June 30, 2014

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 19,112,277	13,268,887	962,588	1,482,868	3,397,934
Other	5,650,448	1,643,938	298,634	57,784	3,650,092
Total	$ 24,762,725	14,912,825	1,261,222	1,540,652	7,048,026
Total number of students*	2,109				
Cost per student	$ 11,741	7,071	598	731	3,342

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

Instruction and Other Student Instructional Expenditures - Includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

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

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

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

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

TUNICA COUNTY SCHOOL DISTRICT

OTHER INFORMATION

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

	2014	2013*	2012*	2011*
Revenues:				
Local sources	$ 11,109,087	$ 11,305,744	$ 11,052,871	$ 10,860,850
State sources	9,133,114	8,794,362	8,480,022	8,071,763
Federal sources	35,074	64,461	146,764	98,835
Total Revenues	20,277,275	20,164,567	19,679,657	19,031,448
Expenditures:				
Instruction	10,483,649	10,528,097	9,922,896	9,211,509
Support services	9,010,247	8,158,129	7,947,547	7,346,173
Noninstructional services	5,350	9,002	2,767	10,450
Total Expenditures	19,499,246	18,695,228	17,873,210	16,568,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	778,029	1,469,339	1,806,447	2,463,316
Other Financing Sources (Uses):				
Notes issued	-	89,434	126,139	327,115
Insurance recovery	-	-	5,271	-
Sale of transportation equipment	-	-	2,763	1,131
Sale of other equipment	-	3,263	-	-
Operating transfers in	8,535	33,734	21,904	33,619
Other financing sources	-	-	-	7,478
Operating transfers out	(932,928)	(950,522)	(1,101,726)	(824,699)
Other financing uses	-	-	-	(14,231)
Total Other Financing Sources (Uses)	(924,393)	(824,091)	(945,649)	(469,587)
Special Items	-	-	(472,322)	-
Net Change in Fund Balances	(146,364)	645,248	388,476	1,993,729
Fund Balances:				
Beginning of Period, as previously reported	9,489,555	8,844,307	8,455,831	6,134,987
Prior period adjustments,	-	-	-	327,115
Beginning of Period as restated	9,489,555	8,844,307	8,455,831	6,462,102
End of Period	$ 9,343,191	$ 9,489,555	$ 8,844,307	$ 8,455,831

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUNICA COUNTY SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	$ 11,274,833	$ 11,696,740	$ 11,593,345	$ 11,385,923
State sources	9,830,084	9,475,788	9,203,739	8,824,825
Federal sources	3,191,454	3,665,368	4,086,346	5,418,963
Total Revenue	24,296,371	24,837,896	24,883,430	25,629,711
Expenditures:				
Instruction	12,368,067	12,548,230	12,339,510	12,397,159
Support services	10,309,676	9,517,442	9,556,912	9,347,822
Noninstructional services	1,883,227	1,794,510	1,914,070	1,742,550
Debt services:				
Principal	195,728	270,953	403,037	368,485
Interest	6,027	15,354	27,228	37,683
Total Expenditures	24,762,725	24,146,489	24,240,757	23,893,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	(466,354)	691,407	642,673	1,736,012
Other Financing Sources (Uses):				
Proceeds of loans	-	89,434	-	-
Notes issued	-	-	126,139	327,115
Insurance recovery	-	-	5,271	-
Sale of transportation equipment	-	-	2,763	1,131
Sale of other equipment	-	3,263	-	-
Operating transfers in	1,036,785	987,953	1,291,990	1,081,428
Other financing sources	-	505	-	7,478
Operating transfers out	(1,036,785)	(987,953)	(1,291,990)	(1,081,428)
Other financing uses	-	-	-	(14,231)
Total Other Financing Sources (Uses)	-	93,202	134,173	321,493
Special items	-	-	(472,322)	-
Net Change in Fund Balances	(466,354)	784,609	304,524	2,057,505
Fund Balances:				
Beginning of period, as previously reported	10,625,051	9,842,487	9,533,991	7,149,363
Prior period adjustments	-	-	-	327,115
Beginning of period, as restated	10,625,051	9,842,487	9,533,991	7,476,478
Increase (Decrease) in reserve for inventory	2,942	(2,045)	3,972	8
End of Period	$ 10,161,639	$ 10,625,051	$ 9,842,487	$ 9,533,991

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUNICA COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Tunica County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Tunica County School District's basic financial statements, and have issued our report thereon dated February 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tunica County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tunica County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tunica County School District's internal control.

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tunica County School District's financial statements are free from 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*.

Purpose of this Report

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

Barnes, Fling, White & Co.
February 20, 2015
Ridgeland, Mississippi

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Tunica County School District

Report on Compliance for Each Major Federal Program

We have audited Tunica County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tunica County School District's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Tunica County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of Tunica County School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tunica County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tunica County School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Burns, Finney, White & Co

February 20, 2015
Ridgeland, Mississippi

TUNICA COUNTY SCHOOL DISTRICT

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

BANKS, FINLEY,
WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Tunica County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2014, which collectively comprise the Tunica County School District's basic financial statements and have issued our report thereon dated February 20, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor 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 it's distribution is not limited.

Barr, Frey, White & Co.

February 20, 2015
Ridgeland, Mississippi

TUNICA COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TUNICA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Cluster: Child Nutrition
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to Local Educational Agencies

8.	Dollar threshold used to distinguish between type A and type B programs:	$300,000
9.	Auditee qualified as a low-risk auditee?	Yes

TUNICA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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