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TUNICA COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017



**TUNICA COUNTY
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TUNICA COUNTY

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PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Tunica County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tunica County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tunica County Airport Commission, the North Tunica County Fire Protection District, or the Tunica County Tourism Commission component units, which represent 63 percent, 85 percent, and 40 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component units, are based solely on the reports of the other auditors. However, we did audit the Tunica County Utility District, the Tunica County Public Projects, Inc. and the Diamond Lakes Utility District component units, which represent 37 percent, 15 percent, and 60 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Our audit and the component unit audits of the Tunica County Utility District and the Diamond Lakes Utility District were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

However, the financial statements of the Tunica County Public Projects, Inc., audited by us, and the Tunica County Airport Commission, North Tunica Fire Protection District, and the Tunica County Tourism Commission, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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.

Unmodified Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2017, 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.

Emphasis of Matter

As discussed in NOTE 13: CONTINGENCIES: Litigation, the County is party to lawsuits involving the following matters: assessment value of certain properties, procedural notice requirements to effectively levy an ad valorem tax for the 2014-2015 tax year, and attorney fees resulting from litigation. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's and Component's Proportionate Share of the Net Pension Liability, and the Schedule of the County's and Component's Contributions 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 (GASB) 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the County'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 the effectiveness of Tunica, County Mississippi's 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 the County's internal control over financial reporting and compliance.

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

October 31, 2018

TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

TUNICA COUNTY, MISSISSIPPI
Management Discussion and Analysis
UNAUDITED

Our discussion and analysis of Tunica County, Mississippi's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2017. Readers should also review the basic financial statements and disclosures to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the 2017 fiscal year by \$111,295,420 (net position). Of this amount the unrestricted net position showed a deficit balance of (\$29,860,676).
- The remaining net position of the County includes: \$133,556,964 invested in capital assets, net of related debt; and \$7,599,132 restricted (for capital improvements, debt service and other).
- Total assets decreased \$20,228,950 from 2016.
- Total deferred outflows of resources decreased \$3,571,562 from 2016.
- Total liabilities decreased \$23,203,662 from 2016.
- Total deferred inflows of resources decreased \$1,502,514 from 2016.
- The County's total net position increased \$905,664 from 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements themselves.

Figure 1: Required Components of the County's Annual Report

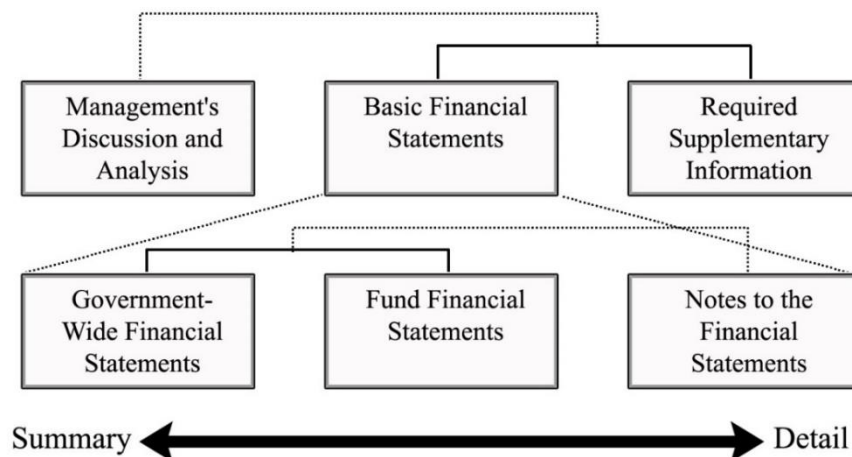


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

TUNICA COUNTY, MISSISSIPPI
Management Discussion and Analysis
UNAUDITED

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2: Major Features of the County's Government-Wide and Fund Financial Statements

Government-Wide Financial Statements		Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds)	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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1) Government-wide Financial Statements. The government-wide financial statements, beginning on page 15, are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

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

The **statement of activities** presents information showing how 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 result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; pension expense and interest on long-term debt.

2) Fund Financial Statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: (1) governmental funds and (2) fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 23 individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Maintenance Fund, and General Obligation Bond Fund, which are considered to be

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major funds. All other funds are considered non-major and are presented in a single column as Other Governmental Funds. The governmental funds financial statements are presented beginning on page 20.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Net Position, which can be found on page 24 of this report.

3) Notes to the Financial Statements. The notes, beginning on page 26, provide additional narrative and tabular information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary control and pensions beginning on page 53.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the major funds, which are the General Fund and each major special revenue fund. The budget comparison statement can be found beginning at page 54.

TUNICA COUNTY, MISSISSIPPI
Management Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of a government’s financial position. In the case of Tunica County, assets and deferred outflows (liabilities and deferred inflows) exceeded liabilities and deferred inflows (assets and deferred outflows) by \$111,295,420 as of September 30, 2017.

By far, the largest portions of the County’s net position, \$133,556,964 (120%) reflects its accumulation of funds invested in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to citizens.

(Table 1)
Net Position

	Governmental Activities		Increase	Percentage
	2017	2016	(Decrease)	change
Current and other assets	\$ 16,417,791	\$ 34,823,596	\$ (18,405,805)	52.85%
Capital assets, net	161,888,420	163,711,565	(1,823,145)	1.11%
Total Assets	178,306,211	198,535,161	(20,228,950)	10.19%
Deferred outflows	3,190,674	6,762,236	(3,571,562)	52.82%
Current and other liabilities	2,374,617	2,749,766	(375,149)	13.64%
Net pension liability	28,276,396	29,169,456	(893,060)	3.06%
Long-term debt	29,553,465	51,488,918	(21,935,453)	42.60%
Total Liabilities	60,204,478	83,408,140	(23,203,662)	27.82%
Deferred inflows	9,996,987	11,499,501	(1,502,514)	13.07%
Net Position:				
Invested in capital assets, net of related debt	133,556,964	117,931,396	15,625,568	13.25%
Restricted	7,599,132	6,299,542	1,299,590	20.63%
Unrestricted	(29,860,676)	(13,841,182)	(16,019,494)	115.74%
Total Net Position	\$ 111,295,420	\$ 110,389,756	\$ 905,664	0.82%

The County’s total assets decreased to \$178,306,211 during 2017 primarily due to the decrease in amounts applicable to lease payments receivable.

The County’s total liabilities decreased to \$60,204,478. The decrease in liabilities is (\$23,203,662). It is primarily attributable to loans related to the lease payments receivable.

The County’s net position increased by \$905,664 from 2016, which includes a prior period adjustment of (\$808,283).

TUNICA COUNTY, MISSISSIPPI
Management Discussion and Analysis
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Additional information on unrestricted net position:

In connection with the implementation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (29,860,676)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	26,707,907
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ (3,152,769)</u>

Changes in Net Position – The County’s total revenues for the fiscal year ended September 30, 2017 and 2016 were \$39,253,218 and \$35,866,867 respectively. This reflects an increase of \$3,386,351. The total cost for all services provided were \$37,539,271 and \$36,525,953 respectively. This reflects an increase of \$1,013,318. The increase in the change in net position was \$2,373,033. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2017 and 2016.

(Table 2)				
Changes in Net Position				
	Governmental Activities		Increase	Percentage
	2017	2016	(Decrease)	Change
Revenues:				
Program Revenues:				
Charges for services	\$ 2,164,538	\$ 2,243,347	\$ (78,809)	3.51%
Federal and state grants	6,076,821	3,671,903	2,404,918	65.50%
General Revenues:				
Property taxes	9,610,097	9,383,649	226,448	2.41%
Gaming revenue	18,374,642	18,475,639	(100,997)	0.55%
Other taxes and other	3,027,120	2,092,329	934,791	44.68%
Total Revenues	<u>39,253,218</u>	<u>35,866,867</u>	<u>3,386,351</u>	<u>9.44%</u>
Expenses:				
General government	\$ 9,614,655	9,120,670	493,985	5.42%
Public safety	8,242,707	8,352,039	(109,332)	1.31%
Public Works	6,466,516	5,740,615	725,901	12.65%
Health and welfare	2,568,896	2,109,983	458,913	21.75%
Culture and recreation	5,382,388	5,688,140	(305,752)	5.38%
Conservation of natural resources	184,180	209,327	(25,147)	12.01%
Economic development and assistance	533,364	524,539	8,825	1.68%
Interest on long-term debt	846,608	1,278,192	(431,584)	33.77%
Pension expense	3,699,957	3,502,448	197,509	5.64%
Total Expenses	<u>37,539,271</u>	<u>36,525,953</u>	<u>1,013,318</u>	<u>2.77%</u>
Increase (Decrease) in Net Position	<u>\$ 1,713,947</u>	<u>\$ (659,086)</u>	<u>\$ 2,373,033</u>	<u>360.05%</u>

The County’s governmental activities continue to be funded primarily by gaming revenue, which made up 46.81% of the total revenues. The other major revenue sources were property taxes 24.48%, federal and state grants 15.48%, charges for services 5.51%, and other taxes and other revenue 7.71%. The major expense activities were general government, public safety, public works, health and welfare, culture and recreation, and pension expense, which comprise 25.61%, 21.96%, 17.23%, 6.84%, 14.34%, and 9.86% of total expenses, respectively. The County remains committed to providing the services its residents expect and need.

TUNICA COUNTY, MISSISSIPPI
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Governmental Activities – The following table presents the cost of major functional activities of the County: General government, Public safety, Public works, Health and welfare, Culture and recreation, Conservation of natural resources, Economic development and assistance, and Pension expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.)

Functions:	Total Costs	Net Costs
General government	\$ 9,614,655	\$ 9,123,551
Public safety	8,242,707	7,643,871
Public Works	6,466,516	4,163,960
Health and welfare	2,568,896	1,524,710
Culture and recreation	5,382,388	5,045,299
Conservation of natural resources	184,180	184,180
Economic development and assistance	533,364	533,364
Interest on long-term debt	846,608	846,608
Pension expense	\$ 3,699,957	\$ 3,699,957

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, the County's governmental funds reported a combined fund balance of \$4,546,643, an increase of \$1,954,380. The primary factors that affected ending fund balance are inclusion of clinic prior year balances and miscellaneous revenues related to capital projects.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$1,120,841. This increase was primarily due to inclusion of the clinic's prior year balances.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, the County revised its annual operating budget on several occasions. These revisions are reflected in the budgetary statements beginning at page 54.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2017, the County had \$161,888,420 invested in a broad range of capital assets, including land, construction in progress, infrastructure, buildings and improvements, mobile equipment, and furniture and equipment. (See Table 3 below). This amount represents a net decrease (including additions, deletions, and adjustments) of approximately \$1,823,145 or 1.11% under the prior year. The following table is a summary of changes in capital assets, net of accumulated depreciation.

TUNICA COUNTY, MISSISSIPPI
Management Discussion and Analysis
UNAUDITED

(Table 3)
CAPITAL ASSETS AT YEAR-END

	Government Activities		Increase	Percentage
	2017	2016	(Decrease)	Change
Land	\$ 7,358,508	\$ 7,358,508	\$ -	0.00%
Construction in progress	22,492,651	19,329,654	3,162,997	16.36%
Infrastructure	52,508,180	54,440,106	(1,931,926)	3.55%
Buildings & improvements	75,879,716	78,616,091	(2,736,375)	3.48%
Mobile equipment	2,771,565	3,146,044	(374,479)	11.90%
Furniture & equipment	877,800	821,162	56,638	6.90%
Totals	<u>\$ 161,888,420</u>	<u>\$ 163,711,565</u>	<u>\$ (1,823,145)</u>	<u>1.11%</u>

Total accumulated depreciation as of September 30, 2017 was \$133,015,183, including \$5,461,458 of depreciation expense for the year. The balance in total net capital assets was \$161,888,420 at year-end.

Additional information on the County's capital assets can be found in note 7 on page 36 of this report.

Debt Administration – At September 30, 2017, the County had \$29,195,477 in long term debt outstanding compared to \$51,084,394 last year, a decrease of \$21,888,917. Of this debt, \$2,702,175 is due within one year.

The following table illustrates the total Long-term Debt of the County as of September 30, 2017:

(Table 4)
LONG-TERM DEBT
Outstanding at Year-end

	Governmental Activities		Increase	Percentage
	2017	2016	(Decrease)	Change
General obligation bonds	\$ 19,830,000	\$ 22,839,700	\$ (3,009,700)	13.18%
Less: Discounts	(79,227)	(89,139)	9,912	11.12%
Add: Premiums	437,215	493,663	(56,448)	11.43%
Net General obligation bonds	20,187,988	23,244,224	(3,056,236)	13.15%
Other loans	8,748,789	23,242,162	(14,493,373)	62.36%
Guaranteed obligations	-	4,354,130	(4,354,130)	100.00%
Compensated absences	616,688	648,402	(31,714)	4.89%
Totals	<u>\$ 29,553,465</u>	<u>\$ 51,488,918</u>	<u>\$ (21,935,453)</u>	<u>42.60%</u>

Additional information on the County's long-term debt can be found in note 11 on page 44 of this report.

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Management Discussion and Analysis
UNAUDITED

CURRENT AND FUTURE ITEMS OF IMPACT

Tunica County is planning a major urban renewal project in fiscal year 2018-2019 to be funded by issuing urban renewal bonds or private placements in the amount of \$100,000,000+.

There is currently a new major development project by a large employer in the County. This project will provide approximately 800 new jobs to the County. In addition, it will provide a more family-oriented venue that will attract a new market, and this will result in an increase in gaming revenues for the County.

The budget for the next fiscal year reflected a (decrease) of \$424,568 or 1.24% in revenues and a (decrease) of \$2,507,054 or 6.92% in expenses. This is expected to (decrease) the County's net position.

Tunica County has an unemployment rate of 5.40% versus 6.00% a year ago. This compares unfavorably with the state average rate of 4.70%.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Tunica County Administrator or the Chancery Clerk's office at P.O. Box 639, Tunica, Mississippi 38676.

TUNICA COUNTY

FINANCIAL STATEMENTS

TUNICA COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government	Component Units						Total Component Units
	Governmental Activities	Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	N. Tunica County Fire Protection District	Tunica County Tourism Commission	Diamond Lakes Utility District	
ASSETS								
Cash	\$ 4,364,899	21,245	44,423	324,813	9,152	1,135,429		1,535,062
Investments							177,518	177,518
Property tax receivable	8,980,123							
Accounts receivable, (net of allowance for uncollectibles of \$161,061, \$0, & \$15,912)		216,180	45,113	28,787				290,080
Fines receivable, (net of allowance for uncollectibles of \$3,195,763)	773,746							
Loans receivable	145,400							
Intergovernmental receivables	1,793,982		28,315			438,240		466,555
Other receivables/assets	359,641		67,377			7,845		75,222
Inventories and prepaid items		22,194	35,252	96,351	7,078	32,891		193,766
Capital assets:								
Land and construction in progress	29,851,159	2,146,855	3,686,088					
Other capital assets, net	132,037,261	19,212,520	31,580,427	110,059	300	598,783		51,502,089
Restricted cash		183,118	5,537					188,655
Total Assets	178,306,211	21,802,112	35,492,532	560,010	16,530	2,213,188	177,518	60,261,890
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amount on refunding	605,321							
Deferred outflows related to pension	2,585,353		62,295			101,871		164,166
Total Deferred Outflows of Resources	3,190,674	-	62,295	-	-	101,871	-	164,166

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

TUNICA COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1
continued

	Primary Government	Component Units						Total Component Units
	Governmental Activities	Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	N. Tunica County Fire Protection District	Tunica County Tourism Commission	Diamond Lakes Utility District	
LIABILITIES								
Claims payable and accrued expenses	149,746	321,869	144,102	140,418	74,528	113,043		793,960
Intergovernmental payables	140,199			307,397				307,397
Amounts held in custody for others	124,722							
Accrued interest payable	257,338						209,800	209,800
Unearned revenue				49,713				49,713
Other payables	1,702,612	22,934	8,973					31,907
Long-term liabilities								
Due within one year:								
Capital related debt	2,702,175	1,993,594		22,466			1,130,000	3,146,060
Due in more than one year:								
Capital related debt	26,234,602	6,657,224		40,016			5,650,000	12,347,240
Non-capital debt	616,688							
Net pension liability	28,276,396		973,632			1,715,867		2,689,499
Total Liabilities	60,204,478	8,995,621	1,126,707	560,010	74,528	1,828,910	6,989,800	19,575,576
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to pension	1,016,864		236,061			37,474		273,535
Deferred revenues- property tax	8,980,123							
Total Deferred Inflows of Resources	9,996,987	-	236,061	-	-	37,474	-	273,535
NET POSITION								
Net investment in capital assets	133,556,964	12,708,557	35,266,515	47,577	300	598,783		48,621,732
Restricted for:								
Expendable:								
Public safety	221,059							
Public works	7,378,073							
Debt Service		97,934					177,518	275,452
Airport - unemployment compensation			5,537					5,537
Nonexpendable								
Inventories and prepaids		22,194	35,252	96,351	7,078	32,891		193,766
Unrestricted	(29,860,676)	(22,194)	(1,115,245)	(143,928)	(65,376)	(182,999)	(6,989,800)	(8,519,542)
Total Net Position	\$ 111,295,420	12,806,491	34,192,059	-	(57,998)	448,675	(6,812,282)	40,576,945

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

TUNICA COUNTY

Exhibit 2

**Statement of Activities – Primary Government
For the Year Ended September 30, 2017**

Year Ended September 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 9,614,655	425,009	66,095		(9,123,551)
Public safety	8,242,707	173,916	424,920		(7,643,871)
Public works	6,466,516	198,978	444,943	1,658,635	(4,163,960)
Health and welfare	2,568,896	1,029,546	14,640		(1,524,710)
Culture and recreation	5,382,388	337,089			(5,045,299)
Conservation of natural resources	184,180				(184,180)
Economic development and assistance	533,364				(533,364)
Interest on long-term debt	846,608				(846,608)
Pension Expense	3,699,957				(3,699,957)
Total Primary Government	\$ 37,539,271	2,164,538	950,598	1,658,635	(32,765,500)
General revenues:					
Property taxes				\$	9,610,097
Gaming revenue					18,374,642
Road & bridge privilege taxes					98,155
Grants and contributions not restricted to specific programs					3,467,588
Rental income					798,182
Unrestricted interest income					176,142
Miscellaneous					1,954,641
Total General Revenues					34,479,447
Changes in Net Position					1,713,947
Net Position - Beginning, as previously reported					110,389,756
Prior period adjustment					(808,283)
Net Position - Beginning, as restated					109,581,473
Net Position - Ending				\$	111,295,420

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

TUNICA COUNTY
Statement of Activities – Component Units
For the Year Ended September 30, 2017

Exhibit 2
continued

Component	Expenses	Charges for Services	Program Revenues		Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	N. Tunica County Fire Protection District	Tunica County Tourism Commission	Diamond Lakes Utility District	Total Component Units
			Operating Grants and Contributions	Capital Grants and Contributions							
Tunica County Utility District	\$ 6,227,413	2,835,226		315,947	(3,076,240)						(3,076,240)
Tunica County Airport Commission	3,474,097	734,460		454,359		(2,285,278)					(2,285,278)
Tunica County Public Projects, Inc.	1,986,137	1,359,192					(626,945)				(626,945)
N. Tunica County Fire Protection District	934,185			8,671			(925,514)				(925,514)
Tunica County Tourism Commission	2,092,984		87,753					(2,005,231)			(2,005,231)
Diamond Lakes Utility District	267,417									(267,417)	(267,417)
Total Component Units	\$ 14,982,233	4,928,878	87,753	778,977							(9,186,625)
General revenues:											
Property taxes					\$			620,755			620,755
Tourism taxes									1,662,665		1,662,665
Grants and contributions not restricted to specific programs					660,178	225,667	360,000				1,245,845
Unrestricted interest income					735	7,832		99	2,515		11,181
Miscellaneous						1,160	266,945				268,105
Total General Revenues					660,913	234,659	626,945	620,854	1,665,180	-	3,808,551
Changes in Net Position					(2,415,327)	(2,050,619)	-	(304,660)	(340,051)	(267,417)	(5,378,074)
Net Position - Beginning, as previously reported					15,924,818	36,242,678	-	246,662	788,726	(6,544,865)	46,658,019
Prior period adjustment					(703,000)	-	-	-	-	-	(703,000)
Net Position - Beginning, as restated					15,221,818	36,242,678	-	246,662	788,726	(6,544,865)	45,955,019
Net Position - Ending	\$				12,806,491	34,192,059	-	(57,998)	448,675	(6,812,282)	40,576,945

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

TUNICA COUNTY
Balance Sheet – Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds				
	General Fund	Road Maintenance Fund	General Obligation Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$	4,364,899			4,364,899
Property tax receivable	4,943,226	389,230	2,969,828	677,839	8,980,123
Fines receivable, (net of allowance for uncollectibles of \$3,195,763)	773,746				773,746
Loan receivable	145,400				145,400
Intergovernmental receivables	1,250,071	162,390			1,412,461
Clinic receivables, net	357,638				357,638
Other receivables	2,003				2,003
Due from other funds	452,521	3,203,665	14,005	486	3,670,677
Total Assets	<u>7,924,605</u>	<u>8,120,184</u>	<u>2,983,833</u>	<u>678,325</u>	<u>19,706,947</u>
LIABILITIES					
Claims payable	133,586	16,160			149,746
Intergovernmental payables	94,324				94,324
Due to other funds	2,799,479	42,746	150,298	342,508	3,335,031
Amounts held in custody for others	124,722				124,722
Other payables	714,859	293,975	522,293	171,485	1,702,612
Total Liabilities	<u>3,866,970</u>	<u>352,881</u>	<u>672,591</u>	<u>513,993</u>	<u>5,406,435</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	4,943,226	389,230	2,969,828	677,839	8,980,123
Unavailable revenue-fines	773,746				773,746
Total Deferred Inflows of Resources	<u>5,716,972</u>	<u>389,230</u>	<u>2,969,828</u>	<u>677,839</u>	<u>9,753,869</u>
FUND BALANCE					
Restricted for:					
Public safety				83,925	83,925
Public works		7,378,073			7,378,073
Assigned to:					
Public safety	137,134				137,134
Unassigned	(1,796,471)		(658,586)	(597,432)	(3,052,489)
Total Fund Balances	<u>(1,659,337)</u>	<u>7,378,073</u>	<u>(658,586)</u>	<u>(513,507)</u>	<u>4,546,643</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>7,924,605</u>	<u>8,120,184</u>	<u>2,983,833</u>	<u>678,325</u>	<u>19,706,947</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 4,546,643
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$133,015,183.	161,888,420
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	773,746
Deferred amount on refunding	605,321
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(29,553,465)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(257,338)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(28,276,396)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	2,585,353
Deferred inflows of resources related to pensions	<u>(1,016,864)</u>
	1,568,489
Total Net Position - Governmental Activities	\$ <u><u>111,295,420</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds
For the Year Ended September 30, 2017

	Major Funds				
	General Fund	Road Maintenance Fund	General Obligation Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,246,104	1,802,482	2,927,523	633,988	9,610,097
Gaming revenue	16,187,208	2,187,434			18,374,642
Road and bridge privilege taxes		98,155			98,155
Licenses, commissions and other revenue	697,413			207	697,620
Fines and forfeitures	193,928				193,928
Intergovernmental revenues	3,937,393	2,070,338		69,090	6,076,821
Charges for services	1,239,744			109,923	1,349,667
Interest income	168,295	7,847			176,142
Rental income	798,182				798,182
Miscellaneous revenues	450,260	6,909		1,514,509	1,971,678
Total Revenues	27,918,527	6,173,165	2,927,523	2,327,717	39,346,932
EXPENDITURES					
Current:					
General government	7,872,185		3,383		7,875,568
Public safety	7,887,680			824,456	8,712,136
Public works	1,212,980	4,877,730			6,090,710
Health and welfare	2,746,794				2,746,794
Culture and recreation	5,227,605				5,227,605
Conservation of natural resources	199,002				199,002
Economic development and assistance	533,364			1,515,213	2,048,577
Debt service:					
Principal	20,753,375		3,009,700		23,763,075
Interest	133,848		734,043		867,891
Total Expenditures	46,566,833	4,877,730	3,747,126	2,339,669	57,531,358
Excess of Revenues over (under) Expenditures	(18,648,306)	1,295,435	(819,603)	(11,952)	(18,184,426)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				362,098	362,098
Lease principal payments	18,813,615				18,813,615
Total Other Financing Sources and Uses	18,813,615	-	-	362,098	19,175,713
Net Changes in Fund Balances	165,309	1,295,435	(819,603)	350,146	991,287
Fund Balances - Beginning, as previously reported	(2,780,178)	6,082,948	161,017	(871,524)	2,592,263
Prior period adjustment	955,532	(310)		7,871	963,093
Fund Balances - Beginning, as restated	(1,824,646)	6,082,638	161,017	(863,653)	3,555,356
Fund Balances - Ending	\$ (1,659,337)	7,378,073	(658,586)	(513,507)	4,546,643

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 991,287
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$5,461,458 exceeded capital outlays of \$3,655,350 in the current period.	(1,806,108)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net loss of \$17,037.	(17,037)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(76,677)
Debt proceed provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount debt repayments of \$23,763,075 exceeds debt proceeds of \$362,098.	23,400,977
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Principal payments on capital lease receivable	(18,813,615)
Change in compensated absences	31,714
Change in accrued interest payable	75,643
The amortization of:	
Loss on refunding bonds	(100,896)
Premiums on bonds	56,448
Discounts on bonds	(9,912)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(3,699,957)
Recognition of contributions made for the current year	1,682,080
Change in Net Position of Governmental Activities	\$ <u>1,713,947</u>

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

TUNICA COUNTY
Statement of Fiduciary Net Position
September 30, 2017

Exhibit 5

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 30,310	743,004
Intergovernmental receivables		324,780
Due from other funds		<u>45,875</u>
Total Assets	\$ <u>30,310</u>	<u>1,113,659</u>
LIABILITIES		
Due to other funds	\$	381,521
Amounts held in custody for others		17,912
Intergovernmental payables		714,226
Other payables		<u>0</u>
Total Liabilities	\$ <u>-</u>	<u>1,113,659</u>
NET POSITION		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,310</u>	
Total Net Position	\$ <u>30,310</u>	

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

TUNICA COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2017

Exhibit 6

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Contributions	\$
Investment income	
Total Additions	<u>-</u>
DEDUCTIONS	
Administrative expense	
Total Deductions	<u>-</u>
Change in Net Position held in trust for:	
Individuals, organizations, and other governments	<u>-</u>
NET POSITION - BEGINNING	30,310
NET POSITION - ENDING	\$ <u><u>30,310</u></u>

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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Tunica County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require the County to present these financial statements on the primary government and its component units, which have significant operational or financial relationships with the County.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Independent Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, the following component unit is reported as if it is part of the primary government. The component unit's balances and transactions are blended with the balances and transactions of the primary government.

- Tunica County Healthcare Authority

Discretely Presented Component Units

The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. The majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.

- Tunica County Utility District is a body politic organized pursuant to the provisions of House Bill No. 1707. Its purpose is to provide water and sewer to the unincorporated areas of the County. House Bill 1870 authorized the District to levy ad valorem taxes for any bonds issued by the District. It is primarily funded by fees paid by service subscribers.
- Tunica County Airport Commission was established in 1960 under Municipal Airport Law Section 61-5-1 and operates a general aviation airport in the County. It is governed by five commissioners, four of whom are appointed by the Board of Supervisors of Tunica County and one appointed by

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

the Town of Tunica. Funding is derived from operations, the County, the Town, and state and federal grants.

- Tunica County Public Projects, Inc. is a Mississippi nonprofit corporation formed to operate and lease the Tunica National Golf and Tennis Complex and to promote and support economic development and tourism in and for Tunica County, Mississippi. The entity operates the Golf and Tennis Complex, which provides its primary funding from memberships, fees, and concession sales, with the County funding any shortfall authorized by House Bill 1621.
- North Tunica County Fire Protection District has provided fire protection and other emergency response to the North Tunica Fire District since its inception in 1997. While the resident population of the district is about 3,000 people, the number protected is frequently greater as it includes a large resort community just south of Memphis. Presently, the District is managed by R/M of Mississippi, Inc. The District is primarily funded by a five-mill property tax levied by the Board of Supervisors, Tunica County, Mississippi.
- Tunica County Tourism Commission is a body politic created pursuant to House Bill 1691 to promote conventions and tourism within the County. It is governed by six commissioners, five of whom are appointed by the Board of Supervisors of Tunica County and one appointed by the Town of Tunica. The organization is primarily funded by a three percent tourism tax imposed by the County on the gross proceeds of certain sales by bars, restaurants, and room rentals by hotels.
- Diamond Lakes Utility and Improvement District is a body politic organized pursuant to the provisions of Senate Bill 3256. Its purpose is to provide infrastructure, including water and sewer, to an unincorporated area of the County as described by Senate Bill 3256. Senate Bill 3256 authorized the District to levy ad valorem taxes for any bonds issued by the District.

C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements, and accompanying note disclosures, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations, and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

- General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.
- Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.
- General Obligation Bond Fund – This fund is used to account for resources accumulated and used for the payment of long-term debt, principal, interest, and related costs of borrowing.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

- Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.
- Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

- Agency Funds – These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.
- Private-purpose Trust Funds – These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations, or other governments.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

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

TUNICA COUNTY
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For the Year Ended September 30, 2017

wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives.

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20 to 50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Leased property under capital leases	*	*

*Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and thus will not be recognized as an inflow of resources (revenue) until that time.

TUNICA COUNTY
Notes to the Financial Statements
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Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Long-term liabilities.

Long-term liabilities are the un-matured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

M. Equity Classifications.

Government-wide Financial Statements:

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

- *Net Investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position not meeting the definition of "restricted" or "net investment in capital assets."

TUNICA COUNTY
Notes to the Financial Statements
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Net Position Flow Assumption:

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

Fund Financial Statements:

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

Government fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned.

The following are descriptions of fund classifications used by the County:

- *Restricted fund balance* – Includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- *Assigned fund balance* – Includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator and Comptroller pursuant to authorization established by the Board of Supervisors.
- *Unassigned fund balance* – 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 a specific purpose within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

N. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year, which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of the original purchase occurs.

O. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements, and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant net position/fund balance adjustments are as follows:

Exhibit 2 – Statement of Activities

Tunica County	
Explanation	Amount
To record adjustment to long-term debt	\$ (1,543,775)
To record adjustment related to capital lease	(227,601)
To record clinic beginning balances	624,431
To correct client error.	338,662
Total prior period adjustment	<u><u>\$ (808,283)</u></u>
Component Unit - Tunica County Utility District	
Explanation	Amount
To record adjustment to long-term debt	\$ (703,000)
Total prior period adjustment	<u><u>\$ (703,000)</u></u>

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
General Fund	
To record clinic beginning balances	\$ 624,431
To correct client error.	331,101
Road Maintenance Fund	
To correct client error.	(310)
Other Governmental Funds	
To correct client error.	7,871
Total prior period adjustments	<u><u>\$ 963,093</u></u>

NOTE 3 - DEPOSITS.

Deposits – The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$5,138,213 and the bank balance was \$7,609,181. The collateral for public entities' deposits in financial institutions is held in the name of the Mississippi 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 Mississippi 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 Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk Deposits – Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 4- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2017:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	\$ 381,521
General Fund	Other Governmental Funds	71,000
Road Maintenance Fund	General Fund	2,781,859
Road Maintenance Fund	General Obligation Bond Fund	150,298
Road Maintenance Fund	Other Governmental Funds	271,508
General Obligation Bond Fund	General Fund	14,005
Other Governmental Funds	General Fund	486
Agency Funds	Road Maintenance Fund	42,746
Agency Funds	General Fund	3,129
Total		<u>\$ 3,716,552</u>

The receivables represent the following:

General Fund from Agency	Excess amounts transferred to the payroll fund 381,521
General Fund from Other Governmental	Tax settlement paid from incorrect fund 71,000
Road Maintenance from General Fund	Tax revenue 17,461, Operating cash shortfall 2,764,398
Road Maintenance from General Obligation Bond	Operating cash shortfall 150,298
Road Maintenance from Other Governmental	Operating cash shortfall 271,508
General Obligation Bond from General Fund	Tax revenue 14,005
Other Governmental from General Fund	Tax revenue 279, Law library fees 207
Agency Funds from Road Maintenance	Amounts due payroll fund for insurance 42,746
Agency Funds from General Fund	Tax revenue 3,129

All interfund balances are expected to be repaid within one year from the date of the financial statements.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2017, consisted of the following:

Governmental Activities:

Description	Amount
Gaming Revenue	\$ 1,363,640
Legislative tax credit	48,821
Payroll fund	381,521
Total	<u>\$ 1,793,982</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 6 – LOANS RECEIVABLE.

Loans receivable balances at September 30, 2017, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Marurity Date</u>	<u>Receivable Balance</u>
Tunica County Utility District	Various	0%	Unknown	\$ 145,400

Per Board order dated March 20, 2017 (MB 179 Page 88), any and all future financial help to TCUD should be made by loan agreements between the County and TCUD. The loan receivable above represents payments made on behalf of TCUD by the County subsequent to March 20, 2017.

NOTE 7 - CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2017:

<u>Tunica County - Governmental Activities:</u>	<u>Balance Oct. 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2017</u>
<u>Non-depreciable capital assets:</u>				
Land	\$ 7,358,508			7,358,508
Construction in progress	19,329,654	3,162,997		22,492,651
Total non-depreciable capital assets	26,688,162	3,162,997	-	29,851,159
<u>Depreciable capital assets:</u>				
Infrastructure	131,830,954			131,830,954
Buildings	93,569,524			93,569,524
Improvements other than buildings	22,074,608			22,074,608
Mobile equipment	12,019,092	306,962	143,875	12,182,179
Furniture and equipment	5,257,997	185,391	48,209	5,395,179
Total depreciable capital assets	264,752,175	492,353	192,084	265,052,444
<u>Less accumulated depreciation for:</u>				
Infrastructure	77,390,848	1,931,926		79,322,774
Buildings	26,283,022	1,858,183		28,141,205
Improvements other than buildings	10,745,019	878,192		11,623,211
Mobile equipment	8,873,048	667,054	129,488	9,410,614
Furniture and equipment	4,436,835	126,103	45,559	4,517,379
Total accumulated depreciation	127,728,772	5,461,458	175,047	133,015,183
Total depreciable capital assets, net	137,023,403	(4,969,105)	17,037	132,037,261
Total capital assets, net	\$ 163,711,565	(1,806,108)	17,037	161,888,420

Depreciation expense was charged to the following functions:

<u>Governmental Activities:</u>	<u>Amount</u>
General government	\$ 2,214,917
Public safety	213,501
Public works	2,540,241
Health and welfare	1,349
Culture and recreation	491,450
Total	\$ 5,461,458

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

Commitments with respect to unfinished capital projects consisted of the following as of September 30, 2017:

Description of commitment	Remaining Financial Commitment	Expected Date of Completion
Feuer Powertrain Plant	Acceptance	2018
Austin Road Project	\$ 63,440	March 2018

CAPITAL ASSETS – COMPONENT UNITS

<u>Tunica County Utility District</u>	<u>Balance</u> <u>Oct. 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2017</u>
<u>Non-depreciable capital assets:</u>				
Land	\$ 526,673			526,673
Construction in progress	1,137,638	482,544		1,620,182
Total non-depreciable capital assets	<u>1,664,311</u>	<u>482,544</u>	<u>-</u>	<u>2,146,855</u>
<u>Depreciable capital assets:</u>				
Infrastructure	\$ 68,244,350			68,244,350
Buildings	125,372			125,372
Mobile equipment	2,045,556	68,926		2,114,482
Furniture and equipment	51,830			51,830
Total depreciable capital assets	<u>70,467,108</u>	<u>68,926</u>	<u>-</u>	<u>70,536,034</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	\$ 49,228,835			49,228,835
Buildings	63,860			63,860
Mobile equipment	1,968,182	10,807		1,978,989
Furniture and equipment	51,830			51,830
Total accumulated depreciation	<u>51,312,707</u>	<u>10,807</u>	<u>-</u>	<u>51,323,514</u>
Total depreciable capital assets, net	<u>19,154,401</u>	<u>58,119</u>	<u>-</u>	<u>19,212,520</u>
Total capital assets, net	<u>\$ 20,818,712</u>	<u>540,663</u>	<u>-</u>	<u>21,359,375</u>
 <u>Tunica County Airport Commission</u>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 3,142,788			3,142,788
Construction in progress	70,520	472,780		543,300
Total non-depreciable capital assets	<u>3,213,308</u>	<u>472,780</u>	<u>-</u>	<u>3,686,088</u>
<u>Depreciable capital assets:</u>				
Infrastructure	43,237,291			43,237,291
Buildings	13,322,235			13,322,235
Mobile equipment	750,606			750,606
Furniture and equipment	1,749,093	4,760		1,753,853
Total depreciable capital assets	<u>59,059,225</u>	<u>4,760</u>	<u>-</u>	<u>59,063,985</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	20,166,214	1,753,627		21,919,841
Buildings	2,845,242	353,286		3,198,528
Mobile equipment	721,964	9,181		731,145
Furniture and equipment	1,563,110	70,934		1,634,044
Total accumulated depreciation	<u>25,296,530</u>	<u>2,187,028</u>	<u>-</u>	<u>27,483,558</u>
Total depreciable capital assets, net	<u>33,762,695</u>	<u>(2,182,268)</u>	<u>-</u>	<u>31,580,427</u>
Total capital assets, net	<u>\$ 36,976,003</u>	<u>(1,709,488)</u>	<u>-</u>	<u>35,266,515</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

Tunica County Public Projects, Inc.	Balance Oct. 1, 2016	Additions	Deletions	Balance Sept. 30, 2017
Depreciable capital assets:				
Furniture and equipment	533,274	59,955	53,124	540,105
Total depreciable capital assets	533,274	59,955	53,124	540,105
Less accumulated depreciation for:				
Furniture and equipment	438,904	33,642	42,500	430,046
Total accumulated depreciation	438,904	33,642	42,500	430,046
Total depreciable capital assets, net	94,370	26,313	10,624	110,059

N.Tunica County Fire Protection District

Depreciable capital assets:				
Equipment and Vehicles	531,172			531,172
Total depreciable capital assets	531,172	-	-	531,172
Less accumulated depreciation for:				
Equipment and Vehicles	530,342	530		530,872
Total accumulated depreciation	530,342	530	-	530,872
Total capital assets, net	\$ 830	(530)	-	300

Tunica County Tourism Commission

Depreciable capital assets:				
Buildings and improvements	889,680			889,680
Mobile equipment	77,009			77,009
Furniture and equipment	179,300	3,300		182,600
Total depreciable capital assets	1,145,989	3,300	-	1,149,289
Less accumulated depreciation for:				
Buildings and improvements	312,345	29,333		341,678
Mobile equipment	32,763	4,658		37,421
Furniture and equipment	164,202	7,205		171,407
Total accumulated depreciation	509,310	41,196	-	550,506
Total depreciable capital assets, net	636,679	(37,896)	-	598,783

NOTE 8 – CLAIMS AND JUDGMENTS.

Risk Financing. The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

NOTE 9 – OPERATING LEASES.

As Lessee:

On January 25, 2017, Tunica County entered into a non-cancellable operating lease agreement with PNC Equipment Finance, LLC for the lease of equipment owned by PNC Equipment Finance, LLC for the purpose of providing golf carts to patrons of Tunica National Golf & Tennis Complex. The operating lease stipulated that the County would pay approximately \$5,077 per month in lease payments commencing on June 16, 2017, for a term of five years.

The County has entered into a certain operating lease which does not give rise to property rights. Total costs for such leases were \$20,307 for the year ended September 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending September 30:	Amount
2018	\$ 60,921
2019	60,921
2020	60,921
2021	60,921
2022	40,614
Total Minimum Payments Required	<u>\$ 284,298</u>

NOTE 10 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. Tunica County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age sixty or those who retire regardless of age with at least thirty years of creditable service (twenty-five years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including thirty years (twenty-five years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below thirty years or the number

TUNICA COUNTY
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For the Year Ended September 30, 2017

of years in age that the member is below sixty-five, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age sixty (fifty-five for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2017, PERS members were required to contribute 9 percent of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2017, was 15.75 percent 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 County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016, and 2015 were \$1,682,081, \$1,650,222, and \$1,658,337 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the County reported a liability of \$28,276,396 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017, net pension liability was 0.1701 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.0068 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$3,699,957. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 393,968	206,325
Net difference between projected and actual earnings on pension plan investments	310,942	
Changes of assumptions	626,714	46,258
Changes in the proportion and differences between contributions and proportionate share of contributions	854,220	764,281
Contributions subsequent to the measurement date	399,509	
Total	<u>\$ 2,585,353</u>	<u>1,016,864</u>

The \$399,509 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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For the Year Ended September 30, 2017

<u>Year ending September 30:</u>	<u>Amount</u>
2018	\$ 945,494
2019	635,605
2020	134,081
2021	(546,200)
Total	<u>\$ 1,168,980</u>

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense, and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (15.75 percent). Based on those assumptions, the pension

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 37,086,377	28,276,396	20,962,192

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

DEFINED BENEFIT PENSION PLAN – COMPONENT UNITS

Tunica County Airport Commission

Plan Description. The Airport Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Airport Commission's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016, and 2015 were \$58,848, \$59,801 and \$76,852 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the Airport Commission reported a liability of \$973,632 for its proportionate share of the net pension liability. At June 30, 2017, the Airport Commission's proportion was 0.005857 percent, which was a decrease of 0.000136 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Airport Commission recognized pension expense of \$30,443. At September 30, 2017, the Airport Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,003	7,104
Net difference between projected and actual earnings on pension plan investments		14,342
Changes of assumptions	31,580	1,698
Changes in the proportion and differences between contributions and proportionate share of contributions		212,917
Contributions subsequent to the measurement date	14,712	
Total	\$ 62,295	236,061

The \$14,712 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2018	\$ (126,203)
2019	(42,186)
2020	(1,280)
2021	(18,809)
Total	\$ (188,478)

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 1,276,984	973,632	721,785

Tunica County Tourism Commission

Plan Description. The Tourism Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Tourism Commission's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016, and 2015 were \$161,742, \$158,438, and \$158,516 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the Tourism Commission reported a liability of \$1,715,867 for its proportionate share of the net pension liability. At June 30, 2017, the Tourism Commission's proportion was 0.010322 percent, which is an increase of .000406 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Tourism Commission recognized pension expense of \$129,336. At September 30, 2017, the Tourism Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,562	12,520
Net difference between projected and actual earnings on pension plan investments		22,030
Changes of assumptions	38,137	2,924
Changes in the proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	39,082	
Total	<u>\$ 101,781</u>	<u>37,474</u>

The \$39,082 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2018	\$ 9,643
2019	9,643
2020	9,643
2021	(3,704)
Total	<u>\$ 25,225</u>

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 2,250,474	1,715,867	1,272,027

NOTE 11 - LONG TERM DEBT.

Debt outstanding as of September 30, 2017, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
A. General Obligation Bonds:			
Airport Improvement Bond, Series 2005	\$ 1,265,000	3.60-5.125%	05/2025
Special Obligation Bonds, Series 2010A	2,725,000	2.60-6.25%	06/2030
Special Obligation Bonds, Series 2010B	1,175,000	3.00-4.50%	06/2030
Special Obligation Bonds, Series 2010	5,710,000	3.00-4.00%	12/2023
General Obligation Refunding Bonds, Series 2012	3,015,000	1.125-2.00%	09/2023
General Obligation Refunding Bonds, Series 2013	5,940,000	2.00-3.00%	07/2026
Total General Obligation Bonds	<u>\$ 19,830,000</u>		

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

B. Other Loans:

Capital Projects Promissory Note	\$ 967,486	Variable	05/2030
MS Green Tech Loan	1,521,303	3.44%	01/2032
CAP Loan - \$1.26M - Feuer Project	1,260,000	3.00%	06/2034
CAP Loan - \$5M - Feuer Project	5,000,000	3.00%	06/2034
Total Other Loans	<u>\$ 8,748,789</u>		

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

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2018	\$ 2,540,000	682,198	162,175	79,017
2019	2,620,000	609,085	324,997	93,415
2020	2,695,000	529,986	495,154	106,203
2021	2,800,000	445,039	507,969	99,397
2022	2,130,000	354,279	521,182	92,368
2023-2027	5,900,000	832,689	2,761,259	348,007
2028-2032	1,145,000	133,688	2,997,062	140,213
2032-2034			978,991	7,444
Total	<u>\$ 19,830,000</u>	<u>3,586,964</u>	<u>8,748,789</u>	<u>966,064</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County, is limited by state statute. Total outstanding debt during a year can be no greater than 15 percent of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20 percent whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 8 percent of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Compensated absences	\$ 648,402		31,714		616,688	
General obligation bonds	22,839,700		3,009,700		19,830,000	2,540,000
Less:						
Discounts	(89,139)	9,912			(79,227)	
Add:						
Premiums	493,663		56,448		437,215	
Other loans	23,242,162	362,097	20,753,375	5,897,905	8,748,789	162,175
Guaranteed obligations	4,354,130			(4,354,130)	-	
Total	<u>\$ 51,488,918</u>	<u>372,009</u>	<u>23,851,237</u>	<u>1,543,775</u>	<u>29,553,465</u>	<u>2,702,175</u>

Other loans: The significant reduction was primarily due to the sell of the Schultz Xtruded Products plant and operations. The loan payments were funded by capital lease payments made by Schultz and upon purchase were fully extinguished. Total reductions were MS Major Economic Impact Loan of \$12,750,000 and CAP Loan of \$4,843,836.

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund and Road Maintenance Fund.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

LONG TERM DEBT-COMPONENT UNITS

Tunica County Utility District

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
MBO SO Refunding, Series 2	\$ 3,650,000	4.25%	12/1/18
Utility System Refunding	2,805,000	Variable	2/1/24
Total General Obligation Bonds	<u>\$ 6,455,000</u>		
B. Other Loans:			
MDEQ SRF Loan (01-3)	\$ 1,042,155	1.75%	5/18/25
MDEQ SRF Loan (02-2)	115,104	1.75%	5/10/34
Truck Note #1	57,434	5.45%	1/10/20
Truck Note #2	33,044	5.45%	3/7/21
USDA Loan	705,094	1.875%	11/3/51
BOH Loan	423,422	1.95%	10/1/36
Total Other Loans	<u>\$ 2,376,253</u>		

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

Year Ending	General Obligation Bonds		Other Loans	
September 30:	Principal	Interest	Principal	Interest
2018 \$	1,790,000	206,702	203,594	42,973
2019	1,875,000	129,782	228,049	37,669
2020	385,000	81,756	195,163	32,523
2021	405,000	151,940	177,649	28,788
2022	405,000	47,756	174,517	25,583
2023-2027	1,595,000	39,375	537,009	87,994
2028-2032			212,724	61,005
2033-2037			187,680	39,832
2038-2052			459,868	41,466
Total \$	<u>6,455,000</u>	<u>657,311</u>	<u>2,376,253</u>	<u>397,833</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
General obligation bonds	7,455,000		1,000,000		6,455,000	1,790,000
Less:						
Discounts	(292,435)	112,000			(180,435)	
Other loans	2,103,026	502,045	931,818	703,000	2,376,253	203,594
Total	<u>\$ 9,265,591</u>	<u>614,045</u>	<u>1,931,818</u>	<u>703,000</u>	<u>8,650,818</u>	<u>1,993,594</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

Tunica County Public Projects, Inc.

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Other Loans:			
Equipment loan	\$ 62,482	5.00%	05/2020
Total Other Loans	<u>\$ 62,482</u>		

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

Year Ending September 30:	Other Loans	
	Principal	Interest
2018 \$	22,466	2,614
2019	23,615	1,465
2020	16,401	309
Total \$	<u>62,482</u>	<u>4,388</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Other loans	43,347	69,725	50,590		62,482	22,466
Total	<u>\$ 43,347</u>	<u>69,725</u>	<u>50,590</u>	<u>-</u>	<u>62,482</u>	<u>22,466</u>

Diamond Lakes Utility District

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
Special Obligation Bonds, Series 2010	\$ 6,780,000	4.00-5.00%	12/2022
Total Other Loans	<u>\$ 6,780,000</u>		

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

Year Ending September 30:	General Obligation Bonds	
	Principal	Interest
2018 \$	1,130,000	628,800
2019	1,020,000	257,000
2020	1,075,000	204,625
2021	1,125,000	149,625
2022	1,185,000	91,875
2023	1,245,000	31,125
Total \$	<u>6,780,000</u>	<u>1,363,050</u>

TUNICA COUNTY
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For the Year Ended September 30, 2017

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Special Obligation Bonds, Series 2010	7,230,000		450,000		6,780,000	1,130,000
Total	\$ 7,230,000	-	450,000	-	6,780,000	1,130,000

NOTE 12 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported a deficit in fund balance at September 30, 2017:

Fund	Amount
General Fund	\$ (1,659,337)
General Obligation Bond Fund	(658,586)
Volunteer Fire Protection Fund	(27,365)
North Tunica Fire Protection Fund	(231,048)
Feuer Powertrain Project Fund	(339,019)
Total	\$ (2,915,355)

NOTE 13 - CONTINGENCIES.

Federal Grants – The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation – The County is party to legal proceedings, many of which occur in the normal course of governmental operations. The following contingencies warranted additional disclosure:

ASSESSMENT VALUE OF CERTAIN PROPERTIES

In September 2016, the County entered into a settlement agreement effectively ending Cause Nos. 2014-0193 and 2015-0157 involving the assessment value pertaining to certain properties owned by the plaintiff. The County agreed to reduce the assessment values for the 2014 and 2015 tax years resulting in a tax credit due the plaintiff in the amount of \$3,351,000. The County agreed to credit the plaintiff \$500,001 in tax year 2016 and \$950,333 in tax years 2017, 2018, and 2019. Financial provision has been entered in the financial statements.

PROCEDURAL NOTICE AND PUBLICATION OF NOTICE REQUIREMENTS TO EFFECTIVELY LEVY AN AD VALOREM TAX FOR THE 2014-2015 TAX YEAR

The Supreme Court of Mississippi issued a decision in Cause No. 2015-CA-01645-507 affirming the decision of the trial court, Cause No. 2014-0162, on December 14, 2015. The trial court had previously ruled that the protesting tax payer was right in its assertion that the Board of Supervisors of Tunica County did not follow the procedural notice requirements to effectively levy an ad valorem tax for the 2014-2015 tax year.

TUNICA COUNTY
Notes to the Financial Statements
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Currently before the Supreme Court of Mississippi in the aforementioned Cause, is a motion for hearing on the issue of whether or not the levy is void in total, or whether the decision was limited to those citizens that perfected their protest. Secondly, the Court is asked to consider whether the subsequent tax levies are burdened by the Court's decision. A ruling is likely before the end of the year.

Other Causes have been filed as a procedural safeguard in the event that the 2015 tax levy cases are sustained. The financial impact, if any, has not been determined. Therefore, no financial provision has been entered in the financial statements.

ATTORNEY FEES RESULTING FROM LITIGATION

As a result of litigation between the County and the Town of Tunica, Cause No. 2014-0169 and Mississippi Supreme Court, Cause No. 2015-CA-01183-507, the Supreme Court of Mississippi found that withholding gaming revenues from the Town of Tunica was unconstitutional but remanded the case to the trial court on the issue of attorney fees. The grant of attorney's fees was upheld by the Circuit Court judge. A settlement agreement was reached between the County and the Town of Tunica where the County would pay the Town \$350,000. No financial provision has been entered in the financial statements.

Regarding other legal proceedings, it is not possible, at the present time, to estimate the ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Debt Contingency: Special Obligation Refunding Bonds – Notice of Default – On December 28, 2010, two loan agreements between the Mississippi Development Bank (Bank or Issuer), the Tunica County Utility District (District) and Tunica County (County) and between the Mississippi Development Bank (Bank or Issuer), the Diamond Lakes Utility and Improvement District (District) and Tunica County (County) were executed. The loan agreements further secured the payment of the special obligation bonds, series 2010 dated December 28, 2010, which provided loan proceeds to the District for the refunding of water and sewer bonds issued by the Districts. The Districts pledged the avails of Special Assessment Revenues levied by the Districts and the Special Tax Levy Revenues, if any, levied by the County for and on behalf of the Districts, such levy to be made under the conditions set forth in the resolution adopted by the County on November 15, 2010 (the County Tax Levy Resolution).

Pursuit to the loan agreements, the Trustee gave the Districts and County notice of failure to make its July 1, 2016 payment by the District in a letter dated August 18, 2016. Subsequently, the Districts made a request of the County to levy the Special Tax in its next levy of ad valorem tax against the taxable property located in the Districts in an amount equal to 120 percent of the amount of the deficiency. The County did not assess the Special Tax Levy until the 2018 tax year. The County may become liable for the tax years 2016 and 2017 due to the deferral of the assessment. The amount, if any, has not been determined. On December 1, 2016, the Trustee declared an event of default on the bonds. On January 17, 2017, the County issued a resolution authorizing counsel of the parties to negotiate, following the necessary procedures and prepare the necessary documents and resolutions to provide for the cure of the default.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

The principal amount of such debt outstanding at year end is as follows:

Description	Amount
Diamond Lakes Utility District Limited Tax Refunding Project	
Special obligation refunding bonds, series 2010	\$ 6,780,000
Tunica County Utility District Limited Tax Refunding Project	
Special obligation refunding bonds, series 2010	\$ 3,650,000

NOTE 14 – NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance September 30, 2017
Tax increment financing bonds	\$ 850,000

NOTE 15 – JOINT VENTURES.

The County is a participant along with DeSoto, Lafayette, Panola, and Tate counties in a joint venture, authorized by section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free library service to the citizens of the respective counties. First Regional Library is governed by a five-member board appointed by the Board of Supervisors of the participating counties, one from each county. Each county appropriates annually as determined by each Board of Supervisors for the ongoing support of the First Regional Library. Tunica County, Mississippi's appropriations to the joint venture for the year ended September 30, 2017, were \$263,500. Complete financial statements for the First Regional Library can be obtained from the Library website, FirstRegional.org.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tunica County Board of Supervisors appoints two of the thirty members of the Board of Directors. The County appropriated \$612,363 for the support of the district in fiscal year 2017.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Tunica County Board of Supervisors appoints one of the twenty-one members of the Board of Commissioners. The County levied \$142,087 in taxes for maintenance and support in fiscal year 2017.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica, and Yalobusha. The Tunica County Board of Supervisors appoints two of the twenty-three members the College Board of Trustees. The County levied \$253,891 in taxes for maintenance and support of the College in fiscal year 2017.

Coahoma Community College operates in a district composed of the counties of Bolivar, Coahoma, Quitman, Tallahatchie, and Tunica. The Tunica County Board of Supervisors appoints one of the twelve members of the College Board of Trustees. The County levied \$253,891 in taxes for the maintenance and support of the College in fiscal year 2017.

The Region One Mental Health Center operates in a district composed of the counties of Coahoma, Quitman, Tallahatchie, and Tunica. The Tunica County Board of Supervisors appoints one of the four members of the Board of Commissioners. The County appropriated \$75,000 for support of the Center in fiscal year 2017.

NOTE 17 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The unrestricted net position amount of (\$29,860,676) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$399,509 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The remaining \$2,185,844 balance of deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years. The \$1,016,864 balance of deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next three years.

The net investment in capital assets net position amount of \$133,556,964 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$605,321 of the deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the net investment in capital assets net position over the next six years.

NOTE 18 – TAX ABATEMENTS.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Tunica County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with two entities as of September 30, 2017.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2017

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies:

27-31-105, Miss. Code Ann. (1972) – All allowable property tax levies

<u>Category</u>	<u>Fiscal Year 2017</u>	
	<u>% of Taxes Abated</u>	<u>Amount of Taxes Abated</u>
Additions, expansions or equipment replacment	100.00%	\$ 100,443

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

NOTE 19 – SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Tunica County evaluated the activity of the County through October 31, 2018, (the date the financial statements were available to be issued), and determined that the following events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2017, Tunica County has acquired the following debt:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
7/20/2018	6.06%	\$ 112,410	Lease	Capital lease payments

At its meeting February 6, 2017, the Board of Supervisors approved a motion to end its contract with the U.S. Corp of Engineers regarding the McKinney Bayou Drainage Project resulting in the County owing \$355,781 in reimbursement to Corp of Engineers. After communications between the parties, they agreed that the County could pay \$59,297 per year with full payment due by December 31, 2024.

TUNICA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

TUNICA COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,207,861	4,795,477	4,795,477	-
Licenses, commissions and other revenue	1,690,100	710,723	710,723	-
Fines and forfeitures	290,000	195,572	195,572	-
Intergovernmental revenues	15,798,200	17,142,286	17,142,286	-
Charges for services	205,000	1,010,515	1,010,515	-
Interest income	15,689	13,404	13,404	-
Miscellaneous revenues	935,500	1,261,039	1,261,039	-
Total Revenues	23,142,350	25,129,016	25,129,016	-
EXPENDITURES				
General government	6,804,124	7,903,644	7,903,644	-
Public safety	7,465,391	7,881,095	7,881,095	-
Public works	810,854	697,402	697,402	-
Health and welfare	2,247,358	2,347,197	2,347,197	-
Culture and recreation	5,957,221	5,232,491	5,232,491	-
Conservation of natural resources	193,812	198,312	198,312	-
Economic development and assistance	429,000	573,364	573,364	-
Debt service:				
Principal	1,640,000	18,364,658	18,364,658	-
Interest	720,000	182,742	182,742	-
Total Expenditures	26,267,760	43,380,905	43,380,905	-
Excess of Revenues over (under) Expenditures	(3,125,410)	(18,251,889)	(18,251,889)	-
OTHER FINANCING SOURCES (USES)				
Lease principal payments	1,149,310	18,967,644	18,967,644	-
Transfers in		300,000	300,000	-
Total Other Financing Sources and Uses	1,149,310	19,267,644	19,267,644	-
Net Change in Fund Balance	(1,976,100)	1,015,755	1,015,755	-
Fund Balance - Beginning		(2,868,195)	(2,868,195)	-
Fund Balance - Ending	\$ (1,976,100)	(1,852,440)	(1,852,440)	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TUNICA COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
Road Maintenance Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,014,393	1,745,994	1,745,994	-
Road and bridge privilege taxes		98,155	98,155	-
Intergovernmental revenues	1,985,000	2,740,619	2,740,619	-
Interest	1,250	7,847	7,847	-
Miscellaneous revenues	250,000	6,909	6,909	-
Total Revenues	4,250,643	4,599,524	4,599,524	-
EXPENDITURES				
Public works	4,472,943	3,338,657	3,338,657	-
Total Expenditures	4,472,943	3,338,657	3,338,657	-
Excess of Revenues over (under) Expenditures	(222,300)	1,260,867	1,260,867	-
OTHER FINANCING SOURCES (USES)				
Sources				-
Uses				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(222,300)	1,260,867	1,260,867	-
Fund Balance - Beginning		6,537,539	6,537,539	-
Fund Balance - Ending	\$ (222,300)	7,798,406	7,798,406	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TUNICA COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
General Obligation Bond Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,430,000	2,850,742	2,850,742	-
Total Revenues	3,430,000	2,850,742	2,850,742	-
EXPENDITURES				
General Government	10,000	3,383	3,383	-
Principal	2,550,000	3,009,700	3,009,700	-
Interest	870,000	734,043	734,043	-
Total Expenditures	3,430,000	3,747,126	3,747,126	-
Excess of Revenues over (under) Expenditures	-	(896,384)	(896,384)	-
OTHER FINANCING SOURCES (USES)				
Sources				-
Uses				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance		(896,384)	(896,384)	-
Fund Balance - Beginning	-	763,780	763,780	-
Fund Balance - Ending	\$ -	(132,604)	(132,604)	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TUNICA COUNTY**Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability****Last 10 Fiscal Years*****For the Year Ended September 30, 2017****Tunica County**

	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.1701%	0.1633%	0.1696%	0.1835%
County's proportionate share of the net pension liability (asset)	\$ 28,276,396	29,169,456	26,216,815	22,273,540
County's covered payroll	\$ 10,911,911	10,454,952	10,593,670	11,214,883
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%	279.00%	247.48%	198.61%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

COMPONENT UNIT**Tunica County Airport Commission**

Commission's proportion of the net pension liability (asset)	0.005857%	0.005993%	0.008677%	0.009502%
Commission's proportionate share of the net pension liability (asset)	\$ 973,632	1,070,496	1,341,293	1,153,369
Commission's covered payroll	\$ 375,748	383,398	542,089	580,644
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.12%	279.21%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TUNICA COUNTY
Schedule of County and Component Unit Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

Tunica County

	2017	2016	2015
Contractually required contribution	\$ 1,682,081	1,650,222	1,658,337
Contributions in relation to the contractually required contribution	<u>1,682,081</u>	<u>1,650,222</u>	<u>1,658,337</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,679,878	10,477,603	10,529,115
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

COMPONENT UNIT

Tunica County Airport Commission

Contractually required contribution	\$ 58,848	59,801	76,852
Contributions in relation to the contractually required contribution	<u>58,848</u>	<u>59,801</u>	<u>76,852</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 373,638	379,689	487,949
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

TUNICA COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
"UNAUDITED"

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budget Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	General Fund	Road Maintenance Fund	General Obligation Bond Fund
Budget (Cash Basis)	1,015,755	1,260,867	(896,384)
Increase (Decrease)			
Net adjustments for revenue accruals	2,335,480	1,573,640	76,781
Net adjustments for expenditure accruals	(3,185,926)	(1,539,072)	-
GAAP Basis	<u>165,309</u>	<u>1,295,435</u>	<u>(819,603)</u>

TUNICA COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
"UNAUDITED"

PENSION SCHEDULES

A. Changes of Assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50 percent to 3.00 percent and 8.00 percent to 7.75 percent, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50 percent to 2.00 percent.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75 percent to 3.25 percent.

Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6 percent to 7 percent.

B. Changes in Benefit Provisions.

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

TUNICA COUNTY

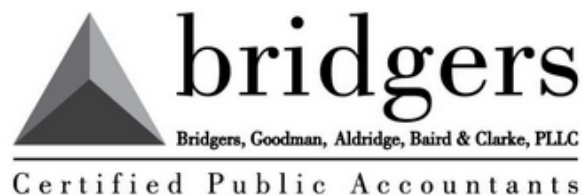
OTHER INFORMATION

TUNICA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
“Unaudited”

Name	Position	Surety Company	Amount
James E. Dunn	Supervisor, District 1	Western Surety	\$ 100,000
Michael E. Johnson, Jr.	Supervisor, District 2	RLI Insurance Company	100,000
Phyllis V. Williams	Supervisor, District 3	Western Surety	100,000
Henry Nickson, Jr.	Supervisor, District 4	Western Surety	100,000
William E. Pegram	Supervisor, District 5	RLI Insurance Company	100,000
Adrian McKay	County Administrator	Western Surety	100,000
Rechelle Siggers	Chancery Clerk	RLI Insurance Company	100,000
Marnetha Gordon	Deputy Chancery Clerk	RLI Insurance Company	50,000
Cindy Fields	Deputy Chancery Clerk	RLI Insurance Company	50,000
Sarah Katherine Hughey	Purchase Clerk	RLI Insurance Company	75,000
Vanessa Carter	Assistant Purchase Clerk	RLI Insurance Company	50,000
Sheila McKay	Receiving Clerk	Western Surety	75,000
Marilyn Davis	Assistant Receiving Clerk	RLI Insurance Company	50,000
Rechelle Siggers	Inventory Control Clerk	Western Surety	75,000
Joe Eddie Hawkins	Road Manager	Western Surety	50,000
Joe Anderson, Jr.	Constable	RLI Insurance Company	50,000
Eugene Bridges	Constable	RLI Insurance Company	50,000
Sharon Reynolds	Circuit Clerk	Western Surety	100,000
Cynthia Bullock	Deputy Circuit Clerk	Western Surety	50,000
Mia Rush	Deputy Circuit Clerk	Western Surety	50,000
Calvin Kasey Hamp	Sheriff	RLI Insurance Company	100,000
Richard W. Ryals II	Justice Court Judge	RLI Insurance Company	50,000
Rodney Hibbler	Justice Court Judge	RLI Insurance Company	50,000
Jennifer Williams	Justice Court Clerk	RLI Insurance Company	50,000
Jerry Lee Clayton	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Monolito Felix	Deputy Justice Court Clerk	Western Surety	50,000
Brenda Grandberry	Deputy Justice Court Clerk	Zurich North America Surety	50,000
Dennis Hopson	Deputy Justice Court Clerk	Western Surety	50,000
Margie Jean Samuels	Deputy Justice Court Clerk	Western Surety	50,000
Victor Randle	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Norma Anderson	Tax Assessor-Collector	Western Surety	100,000
Nancy Purvis	Deputy Tax Assessor	RLI Insurance Company	50,000
Lashundra Ware	Deputy Tax Collector	RLI Insurance Company	50,000
Rosie Byrd	Deputy Tax Collector	RLI Insurance Company	50,000

TUNICA COUNTY

SPECIAL REPORTS



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

Members of the Board of Supervisors
Tunica County, Mississippi

We have audited, in accordance with 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tunica County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 31, 2018. Other auditors audited the financial statements of the Tunica County Airport Commission, North Tunica County Fire Protection District, and the Tunica County Tourism Commission, as described in our report on Tunica County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2017-001 and 2017-002 that we consider to be a material weaknesses and significant deficiencies respectively.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-001 and 2017-002.

However, we noted certain matters that we reported to the management of the County in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules, and the Limited Internal Control and Compliance Review Management Report dated October 31, 2018, included within this document.

Tunica County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
October 31, 2018

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

Members of the Board of Supervisors
Tunica County, Mississippi

We have examined Tunica County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Tunica County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Tunica County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed on the following page.

Purchase Clerk.

1. Establish and maintain internal control and compliance with Public Purchasing Laws.

Repeat Finding – Yes, 2016

Criteria: The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Condition: The County failed to comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37. A well-designed purchasing system would comply with the provisions of Titles 31 and 37 and would include the use of purchase requisitions, purchase orders, and receiving reports. During our test work we selected thirty-eight items and noted several instances where there were either no invoices, purchase requisitions, purchase orders, or receiving reports.

Cause: The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Effect: The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Recommendation: The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Response: We are continuing to work at establishing and maintaining an adequate internal control system that will ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

In our opinion, except for the noncompliance referred to in the preceding paragraph, the County complied, in all material respects, with state laws governing central purchasing, inventory, and bid requirements for the year ended September 30, 2017.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented in relation to that examination.

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

This report is intended for use in evaluating the County's compliance with the aforementioned requirements and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC

October 31, 2018

TUNICA COUNTY**Schedule 1****Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017**

<u>Date</u>	<u>Item</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for accepting other than Lowest Bid</u>
7/10/2017	Catering & Food for concessions during PHBA World Show	\$ 13,587	Sysco Food Services, Inc.	\$ 12,897	Quality of products

TUNICA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
7/11/2017	Chiller-Heat & A/C Unit	\$ 99,950	Johnson Controls	Necessary for facilities housing an aquarium, artifacts & events

TUNICA COUNTY

Schedule 3

**Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017**

Our tests did not identify any purchase made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tunica County, Mississippi

In planning and performing our audit of the financial statements of Tunica County, Mississippi (the County), for the year ended September 30, 2017, we considered the County's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the County's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 31, 2018, on the financial statements of the County.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance of compliance with all state legal requirements. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal control and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Sheriff's Department

1. Establish and maintain compliance with allowable prisoner meal cost per day.

Repeat Finding: Yes, 2016

Criteria: The Sheriff is responsible for complying with the requirements of Section 19-25-73, Miss Code Ann. (1972), which limits the amount to be expended for feeding prisoners to six dollars per prisoner per day.

Condition: The Sheriff failed to comply with Section 19-25-73, Miss Code Ann. (1972), which limits the amount to be expended for feeding prisoners to six dollars per prisoner per day. We calculated the cost per day of feeding prisoners and found the cost to be \$7.32 per day above the allowable cost of six dollars per day.

Cause: The Sheriff has not established internal control policy and procedures to monitor and make adjustments to the cost of feeding prisoners to comply with the state statute.

Effect: The Sheriff is not in compliance with the required state statute.

Recommendation – The Sheriff should establish internal control policy and procedures to ensure that costs to feed prisoners does not exceed six dollars a day as required by Section 19-25-73, Miss Code Ann. (1972).

Sheriff's Response – We will work to manage the cost of feeding prisoners.

2. Establish and maintain compliance with state statutes applicable to a petty cash system.

Repeat Finding: Yes, 2016

Criteria: The Sheriff is responsible for complying with Section 7-7-60, Miss Code Ann. (1972), which establishes the guidelines for the use of a proper petty cash system.

Condition: The Sheriff failed to comply with Section 7-7-60, Miss Code Ann. (1972), which establishes the guidelines for the use of a proper petty cash system. During the course of our test work, we determined that the Sheriff's Office petty cash fund did not follow these guidelines.

Cause: The Sheriff has failed to establish and maintain a petty system to comply with the requirements of Section 7-7-60, Miss Code Ann. (1972).

Effect: The Sheriff is not in compliance with Section 7-7-60, Miss Code Ann. (1972).

Recommendation: The Sheriff should follow the prescribed regulations set forth by Section 7-7-60, Miss Code Ann. (1972), to the establishment and operate the petty cash fund to adhere to regulations for disbursement and replenishment of the petty cash.

Response: The Sheriff will seek Board of Supervisors' approval to establish and maintain a petty cash fund with the practice of a proper system for disbursements and replenishments based on the guidelines of Section 7-7-60, Miss Code Ann. (1972).

Circuit Clerk's Office

3. Establish and maintain internal controls to comply with required settlement dates.

Repeat Finding: Yes, 2016

Criteria: The circuit clerk is responsible for establishing policies and procedures to comply with settlement date requirements.

Condition: The circuit clerk failed to comply with the requirements applicable to the monthly settlement date. During the course of our test work we noted several instances where the Circuit Clerk did not settle the criminal and civil accounts by the 20th of the following month.

Cause: The circuit clerk failed to establish policies and procedures to effectively comply with settlement date requirements.

Effect: Without proper policies and procedures applicable to settlement date requirements, the circuit clerk was unable to comply with the requirements.

Recommendation: The clerk should establish policies and procedures to ensure settlements are made timely and funds are not misappropriated.

Circuit Clerk's Response: I will work to comply with guidelines of the Office of the State Auditor and complete all settlements timely.

General

4. Internal controls to comply with the required cash balance for the unemployment reserve.

Repeat Finding: Yes, 2016

Criteria: The County is responsible for establishing and maintaining adequate cash in unemployment reserve balances to comply with Section 71-5-359, Miss. Code Ann. (1972).

Condition: The County failed to maintain adequate unemployment cash reserves to comply with Section 71-5-359, Miss. Code Ann. (1972). During our field work, we noted the County was under the required deposit for unemployment cash as required by Section 71-5-359, Miss. Code Ann. (1972).

Cause: The County failed to establish internal control policy and procedures to ensure adequate balances were maintained in unemployment cash reserves as required by state statute.

Effect: The County is not in compliance with the unemployment cash reserves as required by Section 71-5-359, Miss. Code Ann. (1972).

Recommendation: The County should establish internal control policies and procedures to ensure compliance with Section 71-5-359, Miss Code Ann. (1972) whereby the County keeps the required deposit for unemployment cash at year end.

Tunica County's Response: The County will ensure to comply with all requirements within section 71-5-359 of the Miss. Code Ann. (1972).

The County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

Bridgers, Goodman, Aldridge, Baird & Clarke, PLLC
October 31, 2018

TUNICA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

TUNICA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental Activities	Unmodified
Aggregate discretely presented component units	Unmodified
General Fund	Unmodified
Road Maintenance Fund	Unmodified
General Obligation Bond Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiencies identified that are not considered to be material weaknesses? Yes

3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Material Weakness

2017-001. Establish and maintain internal control and compliance with Public Purchasing Laws.

Repeat Finding: Yes, 2016-004.

Criteria: The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Condition: The County failed to comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37. A well-designed purchasing system would comply with the provisions of Titles 31 and 37 and would include the use of purchase requisitions, purchase orders, and receiving reports. During our test work we selected thirty-eight items and noted several instances where there were either no invoices, purchase requisitions, purchase orders, or receiving reports.

Cause: The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Effect: The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

TUNICA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2017

Recommendation: The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Response: We are continuing to work at establishing and maintaining an adequate internal control system that will ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Significant Deficiency

2017-002. Effective internal control over financial reporting.

Repeat finding: Yes, 2016-001.

Criteria: The County is responsible for establishing and maintaining effective internal control over financial reporting.

Condition: Significant adjustments were required to the accounting records during the current year. These adjustments were made by a contract accountant with substantial knowledge of the County Financial Accounting Manual, provided by the Office of the State Auditor of Mississippi.

Cause: The County has not established internal control procedures which would ensure that the County is following the County Financial Accounting Manual.

Effect: The work performed by the contract accountant was necessary in order to bring the accounting records to a level which would allow an external auditor to perform an audit under *Government Auditing Standards*.

Recommendation: The County should establish and maintain an effective internal control system over financial reporting ensuring that the County follows the County Financial Accounting Manual. The County should continue to use the services of the contract accountant to provide ongoing monitoring of the accounting records and compliance with the County Financial Accounting Manual.

Response: The County has continued using the contract accountant as a response to a similar finding on the audits of prior years. We will continue the use of the contract accountant in developing an effective system of internal control over financial reporting and continued monitoring to ensure that our accounting system is functioning as intended.