

TUNICA COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019





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TUNICA COUNTY

FINANCIAL SECTION

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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, 2019, 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 or the Tunica County Tourism Commission component units, which represent 66 percent, 88 percent, and 21 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., the Tunica County Healthcare Authority and the Diamond Lakes Utility District component units, which represent 34 percent, 12 percent, and 79 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, Tunica County Airport Commission, Tunica County Healthcare Authority 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 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 Tunica County, Mississippi, as of September 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's and Component Units' Proportionate Share of the Net Pension Liability, and the Schedule of the County and Component Units 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 and other auditors 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.

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 September 18, 2020, on our consideration of Tunica County, Mississippi'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 solely 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 Tunica County Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

September 18, 2020

TUNICA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

TUNICA COUNTY, MISSISSIPPI
Management's 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, 2019. 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 2019 fiscal year by \$102,566,463 (net position). Of this amount the unrestricted net position showed a deficit balance of (\$34,402,851).
- The remaining net position of the County includes: \$130,252,866 invested in capital assets, net of related debt; and \$6,716,448 restricted (for public safety and public works).
- Total assets decreased \$5,775,833 from 2018.
- Total deferred outflows of resources decreased \$337,927 from 2018.
- Total liabilities decreased \$2,105,122 from 2018.
- Total deferred inflows of resources decreased \$624,937 from 2018.
- The County's total net position decreased \$3,383,701 from 2018.

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

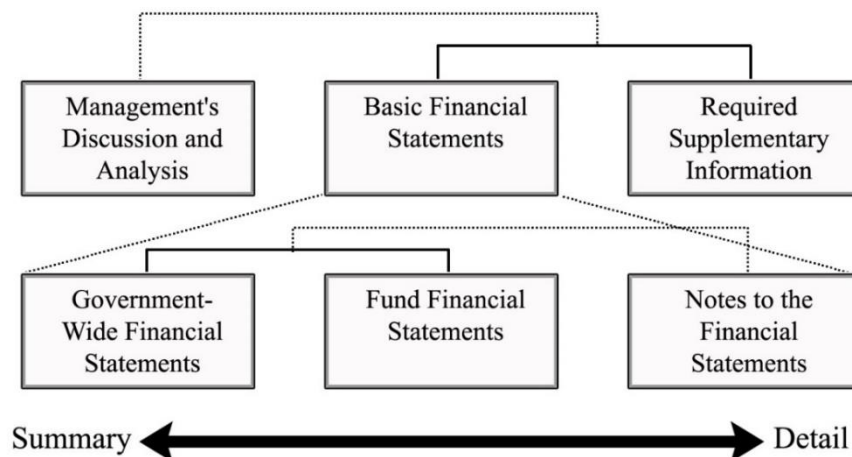


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

TUNICA COUNTY, MISSISSIPPI
Management's 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 16, 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between 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

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
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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 55.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the major funds, which are the General Fund and each major special revenue fund. The budget comparison schedules can be found beginning at page 55.

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 exceeded liabilities and deferred inflows by \$102,566,463 as of September 30, 2019.

By far, the largest portions of the County's net position, \$130,252,866 (127%) 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.

TUNICA COUNTY, MISSISSIPPI
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(Table 1)
Net Position

	Governmental Activities		Increase	Percentage
	2019	2018	(Decrease)	change
Current and other assets	\$ 12,319,440	\$ 13,136,920	\$ (817,480)	-6.22%
Capital assets, net	153,292,829	158,251,182	(4,958,353)	-3.13%
Total Assets	165,612,269	171,388,102	(5,775,833)	-3.37%
Deferred outflows	1,492,358	1,830,285	(337,927)	-18.46%
Current and other liabilities	1,639,573	2,368,441	(728,868)	-30.77%
Net pension liability	30,135,043	28,641,976	1,493,067	5.21%
Long-term debt	23,967,963	26,837,284	(2,869,321)	-10.69%
Total Liabilities	55,742,579	57,847,701	(2,105,122)	-3.64%
Deferred inflows	8,795,585	9,420,522	(624,937)	-6.63%
Net Position:				
Invested in capital assets, net of related debt	130,252,866	132,455,131	(2,202,265)	-1.66%
Restricted	6,716,448	7,081,211	(364,763)	-5.15%
Unrestricted	(34,402,851)	(33,586,178)	(816,673)	-2.43%
Total Net Position	\$ 102,566,463	\$ 105,950,164	\$ (3,383,701)	-3.19%

The County's total assets decreased to \$165,612,269 during 2019 primarily due to the decrease in cash balances and capital assets.

The County's total liabilities decreased to \$55,742,579. The decrease in liabilities is \$2,105,122. It is primarily attributable to reductions in general obligation bonds.

The County's net position decreased by \$3,383,701 from 2018.

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)	\$ (34,402,851)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	29,568,653
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ (4,834,198)</u>

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
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Changes in Net Position – The County's total revenues for the fiscal year ended September 30, 2019 and 2018 were \$32,877,523 and \$31,846,289, respectively. This reflects an increase of \$1,031,234. The total cost for all services provided were \$36,261,224 and \$36,729,135, respectively. This reflects a decrease of \$467,911. The increase in the change in net position was \$1,499,145. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2019 and 2018.

(Table 2)
Changes in Net Position

	Governmental Activities		Increase	Percentage
	2019	2018	(Decrease)	Change
Revenues:				
Program Revenues:				
Charges for services	\$ 1,883,850	\$ 1,719,315	\$ 164,535	9.57%
Federal and state grants	1,869,080	1,590,166	278,914	17.54%
General Revenues:				
Property taxes	9,576,077	9,750,478	(174,401)	-1.79%
Gaming revenue	17,781,407	17,353,683	427,724	2.46%
Other taxes and other	1,767,109	1,432,647	334,462	23.35%
Total Revenues	32,877,523	31,846,289	1,031,234	3.24%
Expenses:				
General government	\$ 9,095,280	9,814,993	(719,713)	-7.33%
Public safety	9,375,469	8,983,538	391,931	4.36%
Public Works	5,690,366	5,022,157	668,209	13.31%
Health and welfare	1,560,804	2,168,238	(607,434)	-28.02%
Culture and recreation	5,565,988	6,067,248	(501,260)	-8.26%
Conservation of natural resources	169,269	196,401	(27,132)	-13.81%
Economic development and assistance	892,039	410,404	481,635	117.36%
Interest on long-term debt	777,606	779,099	(1,493)	-0.19%
Pension expense	3,134,403	3,287,057	(152,654)	-4.64%
Total Expenses	36,261,224	36,729,135	(467,911)	-1.27%
Increase (Decrease) in Net Position	\$ (3,383,701)	\$ (4,882,846)	\$ 1,499,145	30.70%

The County's governmental activities continue to be funded primarily by gaming revenue, which made up 54.08% of the total revenues. The other major revenue sources were property taxes 29.13%, federal and state grants 5.69%, charges for services 5.73%, and other taxes and other revenue 5.37%. The major expense activities were general government, public safety, public works, health and welfare, culture and recreation, and pension expense, which comprise 25.08%, 25.86%, 15.69%, 4.30%, 15.35%, and 8.64% of total expenses, respectively. The County remains committed to providing the services its residents expect and need.

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, Interest on long-term debt and Pension expense.

TUNICA COUNTY, MISSISSIPPI
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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	\$ 9,095,280	\$ 8,137,623
Public safety	9,375,469	8,796,384
Public Works	5,690,366	5,080,416
Health and welfare	1,560,804	1,552,061
Culture and recreation	5,565,988	5,242,181
Conservation of natural resources	169,269	169,269
Economic development and assistance	892,039	892,039
Interest on long-term debt	777,606	777,606
Pension expense	3,134,403	3,134,403

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 \$1,740,308, an increase of \$29,979.

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 \$512,304.

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 schedules beginning at page 55.

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.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the County had \$153,292,829 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 \$4,958,353 or 3.13% under the prior year. The following table is a summary of changes in capital assets, net of accumulated depreciation.

(Table 3)
CAPITAL ASSETS AT YEAR-END

	Government Activities		Increase (Decrease)	Percentage Change
	2019	2018		
Land	\$ 7,358,508	7,358,508	\$ -	0.00%
Construction in progress	243,138	20,776,744	(20,533,606)	-98.83%
Infrastructure	51,232,143	52,660,610	(1,428,467)	-2.71%
Buildings & improvements	90,629,516	73,080,019	17,549,497	24.01%
Mobile equipment	3,129,251	3,552,897	(423,646)	-11.92%
Furniture & equipment	700,273	822,404	(122,131)	-14.85%
Totals	<u>\$ 153,292,829</u>	<u>158,251,182</u>	<u>\$ (4,958,353)</u>	<u>-3.13%</u>

Total accumulated depreciation as of September 30, 2019 was \$142,971,110, including \$5,437,760 of depreciation expense for the year. The balance in total net capital assets was \$153,292,829 at year-end.

Additional information on the County's capital assets can be found in note 6 on page 35 of this report.

TUNICA COUNTY, MISSISSIPPI
Management's Discussion and Analysis
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Debt Administration – At September 30, 2019, the County had \$23,967,963 in long term debt outstanding compared to \$26,837,284 last year, a decrease of \$2,869,321. Of this debt, \$3,217,333 is due within one year.

The following table illustrates the total Long-term Debt of the County as of September 30, 2019 and September 30, 2018:

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

	Governmental Activities		Increase	Percentage
	2019	2018	(Decrease)	Change
General obligation bonds	\$ 14,670,000	\$ 17,290,000	\$ (2,620,000)	-15.15%
Less: Discounts	(59,403)	(69,315)	9,912	-14.30%
Add: Premiums	324,319	380,767	(56,448)	-14.82%
Net General obligation bonds	14,934,916	17,601,452	(2,666,536)	-15.15%
Other loans	8,421,712	8,586,614	(164,902)	-1.92%
Capital Leases	86,864	112,410	(25,546)	-22.73%
Compensated absences	524,471	536,808	(12,337)	-2.30%
Totals	\$ 23,967,963	\$ 26,837,284	\$ (2,869,321)	-10.69%

Additional information on the County's long-term debt can be found in note 10 on page 44 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, on the County's operations. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal year 2019. Due to the closure of casinos for approximately two months, the gaming revenues of Tunica County were significantly reduced during the fiscal year 2020. As such, our financial position, operations, and cash flows will be negatively impacted for the fiscal year 2020 and may hinder the County's ability to meet the needs of its constituents. Management has and will take the necessary actions to marginalize the disruption caused by the outbreak. The specific impact on our financial position, operations, and cash flows is not readily determinable as of the date of these financial statements, therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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, 2019

Exhibit 1

	Primary Government	Component Units						Total Component Units
		Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Tunica County Healthcare Authority	Tunica County Diamond Lakes Utility District	
ASSETS								
Cash	\$ 334,373	384,001	75,308	259,168	1,341,589	150,012		2,210,078
Investments							52,132	52,132
Property tax receivable	8,273,146							
Accounts receivable, (net of allowance for uncollectibles of \$169,998 \$0, \$9,936 & \$744,931)		156,263	23,397	29,002		131,478		340,140
Fines receivable, (net of allowance for uncollectibles of \$3,828,842)	900,150							
Loans receivable	1,443,262							
Intergovernmental receivables	1,335,999		156,146		407,585			563,731
Other receivables/assets	32,510		72,971		30,000	702		103,673
Inventories and prepaid items		71,791	41,940	110,762	197,546			422,039
Capital assets:								
Land and construction in progress	7,601,646	710,430	3,356,047					4,066,477
Other capital assets, net	145,691,183	15,294,383	27,783,252	148,316	533,148			43,759,099
Restricted cash		25,395	5,618					31,013
Total Assets	165,612,269	16,642,263	31,514,679	547,248	2,509,868	282,192	52,132	51,548,382
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amount on refunding	403,529							
Deferred outflows related to pension	1,088,829		23,561		40,799			64,360
Total Deferred Outflows of Resources	1,492,358	-	23,561	-	40,799	-	-	64,360

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

TUNICA COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1
continued

	Primary Government	Component Units						Total Component Units
		Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Tunica County Healthcare Authority	Diamond Lakes Utility District	
LIABILITIES								
Claims payable and accrued expenses	261,668	214,462	255,152	138,557	211,304	15,860		835,335
Intergovernmental payables	172,947	1,443,262						1,443,262
Amounts held in custody for others	93,415							
Accrued interest payable	233,737	166,214					3,893	170,107
Unearned revenue				42,640				42,640
Other payables	877,806	29,782	44,889	243,888				318,559
Long-term liabilities								
Due within one year:								
Capital related debt	3,217,333	1,498,720		29,639				1,528,359
Non-capital debt							1,953,569	1,953,569
Due in more than one year:								
Capital related debt	20,226,159	3,919,363		92,524				4,011,887
Non-capital debt	524,471						3,555,000	3,555,000
Net pension liability	30,135,043		895,084		1,529,446			2,424,530
Total Liabilities	55,742,579	7,271,803	1,195,125	547,248	1,740,750	15,860	5,512,462	16,283,248
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to pension	522,439		95,065		18,379			113,444
Deferred revenues- property tax	8,273,146							
Total Deferred Inflows of Resources	8,795,585	-	95,065	-	18,379	-	-	113,444
NET POSITION								
Net investment in capital assets	130,252,866	10,586,730	30,986,081	26,153	533,148			42,132,112
Restricted for:								
Expendable:								
Public safety	179,483							
Public works	6,536,965							
Health & welfare						266,332		266,332
Debt Service					(1,529,446)		52,156	(1,477,290)
Airport - unemployment compensation			5,618					5,618
Unrestricted	(34,402,851)	(1,216,270)	(743,649)	(26,153)	1,787,836		(5,512,486)	(5,710,722)
Total Net Position	\$ 102,566,463	9,370,460	30,248,050	-	791,538	266,332	(5,460,330)	35,216,050

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, 2019**

Full Annual Report 2017/2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for	Operating	Capital	Changes in Net Position
					Services
			Contributions	Contributions	Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 9,095,280	944,527	13,130		(8,137,623)
Public safety	9,375,469	297,529	281,556		(8,796,384)
Public works	5,690,366	317,987	61,085	230,878	(5,080,416)
Health and welfare	1,560,804		8,743		(1,552,061)
Culture and recreation	5,565,988	323,807			(5,242,181)
Conservation of natural resources	169,269				(169,269)
Economic development and assistance	892,039				(892,039)
Interest on long-term debt	777,606				(777,606)
Pension Expense	3,134,403				(3,134,403)
Total Primary Government	\$ 36,261,224	1,883,850	364,514	230,878	(33,781,982)
General revenues:					
Property taxes				\$	9,576,077
Gaming revenue					17,781,407
Road & bridge privilege taxes					130,426
Grants and contributions not restricted to specific programs					1,273,688
Rental income					722,011
Unrestricted interest income					67,686
Miscellaneous					846,986
Total General Revenues					30,398,281
Changes in Net Position					(3,383,701)
Net Position - Beginning					105,950,164
Net Position - Ending				\$	102,566,463

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, 2019

Exhibit 2
continued

Component Units											
Component	Expenses	Program Revenues			Tunica County Utility District	Tunica County Airport Commission	Tunica County Public Projects, Inc.	Tunica County Tourism Commission	Tunica County Healthcare Authority	Diamond Lakes Utility District	Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions							
Tunica County Utility District	\$ 6,368,087	3,075,934			(3,292,153)						(3,292,153)
Tunica County Airport Commission	3,232,052	713,971	264,714	328,351		(1,925,016)					(1,925,016)
Tunica County Public Projects, Inc.	2,075,380	1,463,116					(612,264)				(612,264)
Tunica County Tourism Commission	1,647,374							(1,647,374)			(1,647,374)
Tunica County Healthcare Authority	1,976,602	910,825							(1,065,777)		(1,065,777)
Diamond Lakes Utility District	441,030									(441,030)	(441,030)
Total Component Units	\$ 15,740,525	6,163,846	264,714	328,351							(8,983,614)
General revenues:											
Property taxes					\$					2,236,400	2,236,400
Tourism taxes								1,607,084			1,607,084
Grants and contributions not restricted to specific programs							612,264	141,500	801,100		1,554,864
Unrestricted interest income					2,916	141		6,776	1,172		11,005
Miscellaneous					3,132,562			103,000		2,098	3,237,660
Total General Revenues					3,135,478	141	612,264	1,858,360	802,272	2,238,498	8,647,013
Changes in Net Position					(156,675)	(1,924,875)	-	210,986	(263,505)	1,797,468	(336,601)
Net Position - Beginning, as previously reported					9,889,700	32,172,925		580,552	529,837	(7,257,798)	35,915,216
Prior period adjustment					(362,565)						(362,565)
Net Position - Beginning, as restated					9,527,135	32,172,925	-	580,552	529,837	(7,257,798)	35,552,651
Net Position - Ending	\$				9,370,460	30,248,050	-	791,538	266,332	(5,460,330)	35,216,050

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

TUNICA COUNTY
Balance Sheet – Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			Other	Total
	General	Road	General	Governmental	Governmental
	Fund	Maintenance	Obligation	Funds	Funds
		Fund	Bond Fund		
ASSETS					
Cash	\$	334,373			334,373
Property tax receivable	4,734,125		2,850,000	689,021	8,273,146
Fines receivable, (net of allowance for uncollectibles of \$3,828,842)	900,150				900,150
Loan receivable	1,390,228		53,034		1,443,262
Intergovernmental receivables	1,182,959	153,040			1,335,999
Due from other funds		6,412,124	12,320	405	6,424,849
Advances to other funds	31,521				31,521
Other receivables	989				989
Total Assets	<u>8,239,972</u>	<u>6,899,537</u>	<u>2,915,354</u>	<u>689,426</u>	<u>18,744,289</u>
LIABILITIES					
Claims payable	211,178	44,550		5,940	261,668
Intergovernmental payables	172,947				172,947
Due to other funds	5,109,769		1,105,235	212,461	6,427,465
Amounts held in custody for others	93,415				93,415
Other payables	234,535	275,276	246,151	76,482	832,444
Advances from other funds		42,746			42,746
Total Liabilities	<u>5,821,844</u>	<u>362,572</u>	<u>1,351,386</u>	<u>294,883</u>	<u>7,830,685</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	4,734,125	-	2,850,000	689,021	8,273,146
Unavailable revenue-fines	900,150				900,150
Total Deferred Inflows of Resources	<u>5,634,275</u>	<u>-</u>	<u>2,850,000</u>	<u>689,021</u>	<u>9,173,296</u>
FUND BALANCE					
Nonspendable:					
Advances	31,521				31,521
Restricted for:					
Public safety				179,483	179,483
Public works		6,536,965			6,536,965
Unassigned	<u>(3,247,668)</u>		<u>(1,286,032)</u>	<u>(473,961)</u>	<u>(5,007,661)</u>
Total Fund Balances	<u>(3,216,147)</u>	<u>6,536,965</u>	<u>(1,286,032)</u>	<u>(294,478)</u>	<u>1,740,308</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>8,239,972</u>	<u>6,899,537</u>	<u>2,915,354</u>	<u>689,426</u>	<u>18,744,289</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, 2019

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 1,740,308
Amounts reported for governmental activities 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 \$142,971,110.	153,292,829
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	900,150
Deferred amount on refunding	403,529
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(23,967,963)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(233,737)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(30,135,043)
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	1,088,829
Deferred inflows of resources related to pensions	<u>(522,439)</u>
	566,390
Total Net Position - Governmental Activities	\$ <u><u>102,566,463</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, 2019

	Major Funds			Other	Total
	General	Road	General	Governmental	Governmental
	Fund	Maintenance	Obligation	Funds	Funds
		Fund	Bond Fund		
REVENUES					
Property taxes	\$ 6,088,582		2,893,255	594,240	9,576,077
Gaming revenue	15,665,092	2,116,315			17,781,407
Road and bridge privilege taxes		130,426			130,426
Licenses, commissions and other revenue	1,007,937			6,799	1,014,736
Fines and forfeitures	226,636				226,636
Intergovernmental revenues	1,074,368	736,169		58,543	1,869,080
Charges for services	457,197			93,022	550,219
Interest income	27,907	31,527	5,959	2,293	67,686
Rental income	722,011				722,011
Miscellaneous revenues	488,347	116,274		12,869	617,490
Total Revenues	25,758,077	3,130,711	2,899,214	767,766	32,555,768
EXPENDITURES					
Current:					
General government	7,730,617				7,730,617
Public safety	9,014,176			885,205	9,899,381
Public works	585,342	3,564,496			4,149,838
Health and welfare	1,562,847				1,562,847
Culture and recreation	5,170,884				5,170,884
Conservation of natural resources	170,423				170,423
Economic development and assistance	512,617				512,617
Debt service					-
Principal	190,448		2,620,000		2,810,448
Interest	113,537		634,693		748,230
Total Expenditures	25,050,891	3,564,496	3,254,693	885,205	32,755,285
Excess of Revenues over (under) Expenditures	707,186	(433,785)	(355,479)	(117,439)	(199,517)
OTHER FINANCING SOURCES (USES)					
Insurance loss recovery	229,496			-	229,496
Transfers in				424,378	424,378
Transfers out	(424,378)				(424,378)
Total Other Financing Sources and Uses	(194,882)	-	-	424,378	229,496
Net Changes in Fund Balances	512,304	(433,785)	(355,479)	306,939	29,979
Fund Balances - Beginning	(3,728,451)	6,970,750	(930,553)	(601,417)	1,710,329
Fund Balances - Ending	\$ (3,216,147)	6,536,965	(1,286,032)	(294,478)	1,740,308

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, 2019**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 29,979
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 \$5,437,760 exceeded capital outlays of \$479,407 in the current period.	(4,958,353)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	92,259
Debt proceeds 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 of debt repayments of \$2,810,448.	2,810,448
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:	
Change in compensated absences	12,337
Change in accrued interest payable	24,984
The amortization of:	
Deferred amount 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	(3,134,403)
Recognition of contributions made for the current year	<u>1,793,408</u>
Change in Net Position of Governmental Activities	\$ <u>(3,383,701)</u>

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

TUNICA COUNTY
Statement of Fiduciary Net Position
September 30, 2019

Exhibit 5

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 30,853	400,791
Due from other funds		2,616
Advances to other fund		<u>42,746</u>
Total Assets	\$ <u>30,853</u>	<u>446,153</u>
LIABILITIES		
Advances from other funds	\$	31,521
Amounts held in custody for others		45,390
Intergovernmental payables		2,616
Other payables		<u>366,626</u>
Total Liabilities	\$ <u>-</u>	<u>446,153</u>
NET POSITION		
Held in trust for:		
Individuals, organizations, and other governments	<u>30,853</u>	
Total Net Position	\$ <u>30,853</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, 2019

Exhibit 6

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Contributions	\$ 469
Investment income	
Total Additions	<u>469</u>
DEDUCTIONS	
Administrative expense	
Total Deductions	<u>-</u>
Change in Net Position held in trust for:	
Individuals, organizations, and other governments	<u>469</u>
NET POSITION - BEGINNING	30,384
NET POSITION - ENDING	<u>\$ 30,853</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, 2019

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 Tunica 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.

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 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.
- 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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

- Tunica County Healthcare Authority, located in Tunica, Mississippi is organized under the laws of the State of Mississippi pursuant to Miss. Code Ann. § 41-13-10 et seq., as amended. The Tunica County Healthcare Authority is owned by Tunica County, Mississippi, and operated by the Board of Trustees. The Board of Trustees consists of five (5) members and are appointed by the Board of Supervisors, each of which appoints one member from his or her district. The Board provides and manages two healthcare clinics, namely the Tunica Clinic and the Tunica Resorts Clinic (together the "Clinic" or "Clinics") and is charged with promoting and making provision for the delivery of health care services to meet the needs of Tunica County, Mississippi consistent with applicable health planning and licensure laws and regulations.
- 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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

resources, fund balances/net position, 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 Fund 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.
- 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.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

FIDUCIARY FUND TYPES

- 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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. 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-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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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, costs 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 9 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.

Deferred revenues - property tax/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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 9 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
For the Year Ended September 30, 2019

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, 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 (committed, 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 committed resources first, followed by assigned amounts 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:

- *Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.
- *Restricted fund balance* – Includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- *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 (committed, 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 (committed, 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 committed resources first, followed by assigned amounts and then unassigned amounts.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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 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.

NOTE 2 - DEPOSITS.

Deposits – The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$766,017 and the bank balance was \$2,683,499. 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).

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

NOTE 3- INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2019:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Road Maintenance Fund	General Fund	\$ 5,094,428
Road Maintenance Fund	General Obligation Bond Fund	1,105,235
Road Maintenance Fund	Other Governmental Funds	212,461
General Obligation Bond Fund	General Fund	12,320
Other Governmental Funds	General Fund	405
Agency Funds	General Fund	2,616
Total		<u>\$ 6,427,465</u>

The receivables due to the Road Maintenance Fund represent loans to cover cash deficits in General Fund of \$5,037,035; General Obligation Bond Fund of \$1,105,235; and Other Governmental Funds of \$212,461. The remaining amounts due from General Fund to Road Maintenance Funds, General Obligation Bond Fund, Other Governmental Funds and Agency Funds consists of tax revenues and law library fees collected in September 2019, but not settled until October 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	\$ 31,521
Agency Funds	Road Maintenance Fund	42,746
Total		<u>\$ 74,267</u>

The amount due to the General Fund is for excess amounts transferred to the Payroll Fund that have not been repaid. The amount due to the Agency Funds is for insurance that has not been paid.

C. Transfers in/out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 424,378

These transfers were to provide operating funds for North Tunica Fire Fund.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Governmental Activities:

Description	Amount
Gaming Revenue	\$ 1,286,245
Legislative tax credit	49,754
Total	<u>\$ 1,335,999</u>

NOTE 5 – LOANS RECEIVABLE.

Loans receivable balances at September 30, 2019, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Tunica County Utility District	Various	0%	Unknown	\$ <u>1,443,262</u>

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 6 - CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2019:

Tunica County - Governmental Activities:	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 7,358,508				7,358,508
Construction in progress	20,776,744	230,878		(20,764,484)	243,138
Total non-depreciable capital assets	<u>28,135,252</u>	<u>230,878</u>	<u>-</u>	<u>(20,764,484)</u>	<u>7,601,646</u>
Depreciable capital assets:					
Infrastructure	133,643,252				133,643,252
Buildings	93,569,524			20,764,484	114,334,008
Improvements other than buildings	22,074,608				22,074,608
Mobile equipment	12,945,517	231,950			13,177,467
Furniture and equipment	5,416,379	16,579			5,432,958
Total depreciable capital assets	<u>267,649,280</u>	<u>248,529</u>	<u>-</u>	<u>20,764,484</u>	<u>288,662,293</u>
Less accumulated depreciation for:					
Infrastructure	80,982,642	1,428,467			82,411,109
Buildings	30,092,217	2,366,302			32,458,519
Improvements other than buildings	12,471,896	848,685			13,320,581
Mobile equipment	9,392,620	655,596			10,048,216
Furniture and equipment	4,593,975	138,710			4,732,685
Total accumulated depreciation	<u>137,533,350</u>	<u>5,437,760</u>	<u>-</u>	<u>-</u>	<u>142,971,110</u>
Total depreciable capital assets, net	<u>130,115,930</u>	<u>(5,189,231)</u>	<u>-</u>	<u>20,764,484</u>	<u>145,691,183</u>
Total capital assets, net	<u>\$ 158,251,182</u>	<u>(4,958,353)</u>	<u>-</u>	<u>-</u>	<u>153,292,829</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

Governmental Activities:	<u>Amount</u>
General government	\$ 2,037,113
Public safety	196,379
Public works	2,335,950
Health and welfare	1,005
Culture and recreation	452,022
Economic development	415,291
Total	<u>\$ 5,437,760</u>

CAPITAL ASSETS – COMPONENT UNITS

<u>Tunica County Utility District</u>	<u>Balance</u> <u>Oct. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2019</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 526,673				526,673
Construction in progress	127,907	55,850			183,757
Total non-depreciable capital assets	<u>654,580</u>	<u>55,850</u>	<u>-</u>	<u>0</u>	<u>710,430</u>
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 70,204,055				70,204,055
Buildings	125,372				125,372
Mobile equipment	2,114,482				2,114,482
Furniture and equipment	51,830				51,830
Total depreciable capital assets	<u>72,495,739</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>72,495,739</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	\$ 52,118,978	2,982,572			55,101,550
Buildings	67,395	3,134			70,529
Mobile equipment	1,939,529	37,918			1,977,447
Furniture and equipment	51,830				51,830
Total accumulated depreciation	<u>54,177,732</u>	<u>3,023,624</u>	<u>-</u>	<u>-</u>	<u>57,201,356</u>
Total depreciable capital assets, net	<u>18,318,007</u>	<u>(3,023,624)</u>	<u>-</u>	<u>0</u>	<u>15,294,383</u>
Total capital assets, net	<u>\$ 18,972,587</u>	<u>(2,967,774)</u>	<u>-</u>	<u>-</u>	<u>16,004,813</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

Tunica County Airport Commission

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 3,142,788				3,142,788
Construction in progress	67,919	159,998		(14,658)	213,259
Total non-depreciable capital assets	3,210,707	159,998	-	(14,658)	3,356,047
Depreciable capital assets:					
Infrastructure	43,746,097				43,746,097
Buildings	13,322,235				13,322,235
Mobile equipment	750,606				750,606
Furniture and equipment	1,753,853	6,677			1,760,530
Total depreciable capital assets	59,572,791	6,677	-	-	59,579,468
Less accumulated depreciation for:					
Infrastructure	23,698,908	1,771,794			25,470,702
Buildings	3,551,813	353,285			3,905,098
Mobile equipment	735,948	4,537			740,485
Furniture and equipment	1,657,739	22,192			1,679,931
Total accumulated depreciation	29,644,408	2,151,808	-	-	31,796,216
Total depreciable capital assets, net	29,928,383	(2,145,131)	-	-	27,783,252
Total capital assets, net	\$ 33,139,090	(1,985,133)	-	(14,658)	31,139,299

Tunica County Public Projects, Inc.

Depreciable capital assets:					
Furniture and equipment	659,675				659,675
Total depreciable capital assets	659,675	-	-	0	659,675
Less accumulated depreciation for:					
Furniture and equipment	473,170	38,189			511,359
Total accumulated depreciation	473,170	38,189	-	-	511,359
Total depreciable capital assets, net	186,505	(38,189)	-	0	148,316

Tunica County Tourism Commission

Depreciable capital assets:					
Buildings and improvements	889,680				889,680
Mobile equipment	77,009				77,009
Furniture and equipment	187,065	10,618	119,295		78,388
Total depreciable capital assets	1,153,754	10,618	119,295	0	1,045,077
Less accumulated depreciation for:					
Buildings and improvements	370,975	29,298			400,273
Mobile equipment	42,078	4,657			46,735
Furniture and equipment	177,420	4,782	117,281		64,921
Total accumulated depreciation	590,473	38,737	117,281	-	511,929
Total depreciable capital assets, net	563,281	(28,119)	2,014	0	533,148

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

NOTE 7 – 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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 8 – 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 \$60,921 for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending September 30:	Amount
2020	\$ 60,921
2021	60,921
2022	40,614
Total Minimum Payments Required	\$ <u>162,456</u>

NOTE 9 – 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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 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, 2019, 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, 2019, was 17.40 percent of annual covered payroll. This rate increased as of July 1, 2019, from 15.75%. 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, 2019, 2018, and 2017 were \$1,793,408, \$1,767,306, and \$1,682,081, 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, 2019, the County reported a liability of \$30,135,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, net pension liability was 0.1713 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.0009 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$3,134,403. At September 30, 2019, the County 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, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,919	32,211
Net difference between projected and actual earnings on pension plan investments		352,232
Changes of assumptions	295,417	
Changes in the proportion and differences between contributions and proportionate share of contributions	303,430	137,996
Contributions subsequent to the measurement date	472,063	
Total	\$ 1,088,829	522,439

The \$472,063 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2020	\$ 296,055
2021	(393,561)
2022	54,253
2023	137,580
Total	\$ 94,327

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00- 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
	<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 (17.40%). Based on those assumptions, the pension 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	\$ 39,613,567	30,135,043	22,311,385

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, 2019, 2018, and 2017 were \$54,194, \$53,622, and \$58,848, respectively, equal to the required contributions for each year.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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

At September 30, 2019, the Airport Commission reported a liability of \$895,084 for its proportionate share of the net pension liability. At June 30, 2019, the Airport Commission's proportion was 0.005088 percent, which was a decrease of 0.000403 percent from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Airport Commission recognized pension expense of \$71,777. At September 30, 2019, the Airport Commission 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	\$ 571	1,109
Net difference between projected and actual earnings on pension plan investments		12,444
Changes of assumptions	9,441	
Changes in the proportion and differences between contributions and proportionate share of contributions		81,512
Contributions subsequent to the measurement date	13,549	
Total	\$ 23,561	95,065

The \$13,549 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, 2020. 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>
2020	\$ (30,958)
2021	(46,989)
2022	(11,191)
2023	4,085
Total	\$ (85,053)

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	\$ 1,176,613	895,084	662,699

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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, 2019, 2018, and 2017 were \$142,437, \$154,866, and \$161,742, 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, 2019, the Tourism Commission reported a liability of \$1,529,446 for its proportionate share of the net pension liability. At June 30, 2019, the Tourism Commission's proportion was 0.008694 percent, which is a decrease of 0.001374 percent from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Tourism Commission recognized pension expense of \$148,105. At September 30, 2019, the Tourism Commission 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	\$ 905	1,646
Net difference between projected and actual earnings on pension plan investments		16,733
Changes of assumptions	14,995	
Contributions subsequent to the measurement date	24,899	
Total	\$ 40,799	18,379

The \$24,899 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, 2020. 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>
2020	\$ 25,343
2021	445
2022	445
2023	(465)
2024	(3,348)
Total	\$ 22,420

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	\$ 2,010,510	1,529,446	1,132,371

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

NOTE 10 - LONG TERM DEBT.

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
Airport Improvement Bond, Series 2005	\$ 990,000	3.60-5.125%	05/2025
Special Obligation Bonds, Series 2010A	2,420,000	2.60-6.25%	06/2030
Special Obligation Bonds, Series 2010B	1,030,000	3.00-4.50%	06/2030
Special Obligation Bonds, Series 2010	4,210,000	3.00-4.00%	12/2023
General Obligation Refunding Bonds, Series 2012	2,055,000	1.125-2.00%	09/2023
General Obligation Refunding Bonds, Series 2013	3,965,000	2.00-3.00%	07/2026
Total General Obligation Bonds	<u>\$ 14,670,000</u>		
B. Other Loans:			
Capital Projects Promissory Note	\$ 801,464	Variable	05/2030
MS Green Tech Loan	1,360,248	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>\$ 8,421,712</u>		
C. Capital Lease:			
Equipment Lease	\$ 86,864	6.06%	07/2022
	<u>\$ 86,864</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		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,695,000	529,986	495,154	250,420	27,179	5,554
2021	2,800,000	445,039	507,969	235,709	28,918	3,817
2022	2,130,000	354,279	521,182	220,537	30,767	1,968
2023	2,215,000	280,524	528,392	204,884		
2024	1,745,000	202,398	536,026	188,741		
2025-2029	2,680,000	460,155	2,906,736	683,173		
2030-2034	405,000	23,300	2,926,253	224,182		
Total	<u>\$ 14,670,000</u>	<u>2,295,681</u>	<u>8,421,712</u>	<u>2,007,646</u>	<u>86,864</u>	<u>11,339</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, 2019, the amount of outstanding debt was equal to 6.20 percent of the latest property assessments.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 536,808		12,337		524,471	
General obligation bonds	17,290,000		2,620,000		14,670,000	2,695,000
Less:						
Discounts	(69,315)		(9,912)		(59,403)	
Add:						
Premiums	380,767		56,448		324,319	
Other loans	8,586,614		164,902		8,421,712	495,154
Capital lease	112,410		25,546		86,864	27,179
Total	\$ 26,837,284	-	2,869,321	-	23,967,963	3,217,333

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.

LONG TERM DEBT-COMPONENT UNITS

Tunica County Utility District

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
MBO SO Refunding, Series 2	\$ 918,938	4.25%	11/27/19
Utility System Refunding	2,065,000	Variable	2/1/24
Total General Obligation Bonds	<u>\$ 2,983,938</u>		
B. Other Loans:			
MDEQ SRF Loan (01-3)	\$ 786,244	1.75%	5/18/25
MDEQ SRF Loan (02-2)	103,173	1.75%	5/10/34
Truck Note #1	11,647	5.45%	1/10/20
Truck Note #2	16,475	5.45%	3/7/21
USDA Loan	670,878	1.875%	11/3/51
BOH Loan	386,043	1.95%	10/1/36
BOH Loan #2	459,685	1.95%	2/1/37
Total Other Loans	<u>\$ 2,434,145</u>		

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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
2020 \$	1,303,938	81,756	194,782	34,604
2021	405,000	64,969	206,747	38,897
2022	405,000	47,757	201,856	35,117
2023	430,000	29,475	205,564	31,409
2024	440,000	9,900	209,322	27,651
2025-2029			453,944	105,035
2030-2034			378,297	71,752
2035-2039			291,116	51,701
2040-2044			117,945	22,835
2045-2049			129,527	11,253
2050-2052			45,045	1,007
Total \$	<u>2,983,938</u>	<u>233,857</u>	<u>2,434,145</u>	<u>431,261</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
General obligation bonds	6,095,000		3,111,062		2,983,938	1,303,938
Less:						
Discounts	(68,435)	68,435			-	
Other loans	2,199,762		225,302	459,685	2,434,145	194,782
Total	<u>\$ 8,226,327</u>	<u>68,435</u>	<u>3,336,364</u>	<u>459,685</u>	<u>5,418,083</u>	<u>1,498,720</u>

Tunica County Public Projects, Inc.

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Other Loans:			
Equipment loan	\$ 122,163	5.00%	07/2023
Total Other Loans	<u>\$ 122,163</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
2020	\$ 29,639	5,451
2021	31,172	3,918
2022	32,768	2,322
2023	28,584	658
Total	<u>\$ 122,163</u>	<u>12,349</u>

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Other loans	150,374		28,211		122,163	29,639
Total	\$ 150,374	-	28,211	-	122,163	29,639

Diamond Lakes Utility District

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
Special Obligation Bonds, Series 2010	\$ 5,508,569	4.00-5.00%	12/2022
Total Other Loans	\$ 5,508,569		

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
2020 \$	1,953,569	216,348
2021	1,125,000	149,625
2022	1,185,000	91,875
2023	1,245,000	31,125
Total \$	5,508,569	488,973

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Special Obligation Bonds, Series 2010	6,780,000		1,271,431		5,508,569	1,953,569
Total	\$ 6,780,000	-	1,271,431	-	5,508,569	1,953,569

NOTE 11 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported a deficit in fund balance at September 30, 2019:

Fund	Amount
General Fund	\$ (3,216,147)
General Obligation Bond Fund	(1,286,032)
North Tunica Fire Protection Fund	(72,840)
Homeland Security	(2,569)
North Tunica Fire Grading District	(59,534)
Feuer Powertrain Project Fund	(339,018)
Total	\$ (4,976,140)

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

NOTE 12- 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 contingency warranted additional disclosure:

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

TAX VALUATION CASES

HWCC vs. TUNICA COUNTY

2014, 2015, 2016, 2017, 2018, 2019, 2020

According to the County's Board Attorney:

HWCC has argued since the original 2014 filing that the appraisal value of the casino is incorrect. The tax assessor's office has indicated that the appraised value of the casino was \$52,475,286 for the years relevant to the litigation. The assessed value for the relevant period based on a 15% assessment ratio is \$7,871,293. Based on a millage rate of .08662, the total tax levied for said year was \$681,811.

While the suit filed by HWCC indicates that the appraisal value should be reduced, they have consistently avoided turning over their financial data that would be needed to clearly establish how the appraisal is correct or incorrect.

The County's expert witness, considered by his industry peers as an extremely well-respected expert in casino valuation, believed that the actual and appraised values were undervalued. After receiving financials for 2010-2015, it appeared that his beliefs were well substantiated.

Currently, HWCC has made offers to settle the cases for valuation reductions starting in 2017, as follows:

2017 — \$38,000
2018 — \$33,000
2019 — \$28,000
2020 — \$23,000
2021 — \$23,000

Without the release of reliable documents showing revenue and that consider the various approaches to establishing valuation, it is not logical that the County should reduce the value of the casino by 55%.

The County's Board Attorney continues to try to resolve these cases by settlement, and the attorney for HWCC has participated in these discussions in good faith. After recent discussions with counsel for HWCC, the likelihood of settlement seems to be realistic at this time.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

TAX LEVY CASES

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

According to the County's Board Attorney:

The following cases began with the 2014-2015 tax levy. The cases from the notice of the proposed budget and tax levy increase hearing and vote and then voting to adjourn said meeting. On the date that the actual vote was taken approving the public hearing and thus increasing the millage rate, there had not been a notice run in the local paper pursuant to Mississippi Code Annotated § 27-39-203.

The millage increase, according to the protestors and the casinos that are listed, has tainted all subsequent tax levies and the millage rate increases according to the pleadings.

The majority of the pleadings have been filed by one local law firm and the County is in the process of trying to negotiate the cases as a global settlement. This listing of the cases are as follows:

Cases:

Majestic Mississippi, LLC vs. Tunica County
HWCC vs. Tunica County
R.I.H. Acquisitions I vs. Tunica County
R.I.H. Acquisitions II vs. Tunica County
Acquire, L.P., et al. vs. Tunica County

Fiscal Years:

2015, 2016, 2017, 2018, 2019
2015, 2016, 2017, 2018, 2019
2015, 2016, 2017, 2018, 2019
2015, 2016, 2017, 2018, 2019
2015, 2016, 2017, 2018, 2019

Each year, the Board, through its attorney has answered the litigation according to the relevant procedural rules.

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, 2017. The trial court had previously ruled that the protesting taxpayer 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.

After the December 14, 2017 ruling, the circuit court judge then heard cases that had been filed during the same 2014-2015 year. These cases were motions for summary judgment filed in 2014 and were based on the Supreme Court ruling.

Cases:

MGM Resorts vs. Tunica County
R.I.H. Acquisitions I (Resorts Casino) vs. Tunica County
R.I.H. Acquisitions II (1st Jack Pot) vs. Tunica County
TOTAL:

Judgment Amounts:

\$423,879.79
\$126,225.23
\$105,967.82
\$656,072.84

Currently, these cases are on appeal before the Mississippi Supreme Court as being time barred, because they did not follow the same procedures as the HWCC case.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

Likelihood of Prevailing

While the Circuit Court has ruled in favor of cases filed after HWCC (2014), but during the same year, the cases listed above might not have been perfected in accordance with M.C.A. § 11-51-75. The filing of appeals in the cases above has given the Board of Supervisors the opportunity to settle the tax levy issues related to the 2014-2015 fiscal year tax levies and for the tax years going forward. Counsel for the County and the attorney representing protesting taxpayers are in negotiations and the prospects for settlement are realistic.

The financial impact, if any, has not been determined as a result of the proceedings involving Tax Valuation and Tax Levy cases. Therefore, 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.

NOTE 13 – 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:

<u>Description</u>	<u>Balance</u> <u>September 30, 2019</u>
Tax increment financing bonds	\$ 850,000

NOTE 14 – JOINT VENTURE.

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, 2019, were \$290,099. Complete financial statements for the First Regional Library can be obtained from the Library website, FirstRegional.org.

NOTE 15 – 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 \$16,250 for the support of the district in fiscal year 2019.

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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 \$24,978 in taxes for maintenance and support in fiscal year 2019.

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 \$244,315 in taxes for maintenance and support of the College in fiscal year 2019.

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 \$244,315 in taxes for the maintenance and support of the College in fiscal year 2019.

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 \$56,250 for support of the Center in fiscal year 2019.

NOTE 16 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities deficit unrestricted net position amount of (\$34,402,851) 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 \$472,063 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, 2020. The remaining \$616,766 balance of deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years. The \$522,439 balance of deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next three years.

The governmental activities net investment in capital assets net position amount of \$130,252,866 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$403,529 of the deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next four years.

NOTE 17 – TAX ABATEMENTS.

The Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures* 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

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

citizenry of the County. The County had tax abatement agreements with two entities as of September 30, 2019.

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

Category	Fiscal Year 2019	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacment	100.00%	\$ 451,322

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 18 – REPORTS.

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

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 September 18, 2020, (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, 2019, Tunica County has acquired the following debt:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
November 2019	6.00%	\$ 14,385,000	Refinancing Bonds	Tax Levy
June 2020	4.50%	4,000,000	Short fall note	Tax Levy

Management is continuing to evaluate the impact of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, on the County's operations. This situation has depressed the tax bases and other areas in which the County received revenue during fiscal

TUNICA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

year 2019. Due to the closure of casinos for approximately two months, the gaming revenues of Tunica County will be significantly reduced during the fiscal year 2020. As such, our financial position, operations, and cash flows will be negatively impacted for the fiscal year 2020 and may hinder the County's ability to meet the needs of its constituents. Management has and will take the necessary actions to marginalize the disruption caused by the outbreak. The specific impact on our financial position, operations, and cash flows is not readily determinable as of the date of these financial statements, therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

TUNICA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

TUNICA COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2019
"UNAUDITED"

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,180,330	5,848,052	5,848,052	-
Licenses, commissions and other revenue	1,213,950	1,001,143	1,001,143	-
Fines and forfeitures	307,000	235,453	235,453	-
Intergovernmental revenues	15,203,948	16,813,382	16,813,382	-
Charges for services	424,250	457,197	457,197	-
Interest income	1,300	27,682	27,682	-
Miscellaneous revenues	1,376,200	1,210,358	1,210,358	-
Total Revenues	23,706,978	25,593,267	25,593,267	-
EXPENDITURES				
General government	8,256,536	7,832,843	7,832,843	-
Public safety	6,757,294	9,095,092	9,095,092	-
Public works	698,522	590,964	590,964	-
Health and welfare	373,062	1,573,916	1,573,916	-
Culture and recreation	5,092,101	5,237,925	5,237,925	-
Conservation of natural resources	827,714	194,859	194,859	-
Economic development and assistance	929,000	482,117	482,117	-
Debt service:				
Principal	659,750	190,448	190,448	-
Interest	283,999	113,537	113,537	-
Total Expenditures	23,877,978	25,311,701	25,311,701	-
Excess of Revenues over (under) Expenditures	(171,000)	281,566	281,566	-
OTHER FINANCING SOURCES (USES)				
Other sources	225,000	229,496	229,496	-
Transfers out	(204,000)	(424,378)	(424,378)	-
Total Other Financing Sources and Uses	21,000	(194,882)	(194,882)	-
Net Change in Fund Balance	(150,000)	86,684	86,684	-
Fund Balance - Beginning	(2,026,100)	(3,350,653)	(3,350,653)	-
Fund Balance - Ending	\$ (2,176,100)	(3,263,969)	(3,263,969)	-

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, 2019
“UNAUDITED”

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 235,834		-	-
Road and bridge privilege taxes	115,000	122,242	122,242	-
Intergovernmental revenues	2,792,046	2,631,722	2,631,722	-
Interest	12,000	31,527	31,527	-
Miscellaneous revenues	77,000	116,274	116,274	-
Total Revenues	3,231,880	2,901,765	2,901,765	-
EXPENDITURES				
Public works	3,548,102	3,408,201	3,408,201	-
Total Expenditures	3,548,102	3,408,201	3,408,201	-
Excess of Revenues over (under) Expenditures	(316,222)	(506,436)	(506,436)	-
OTHER FINANCING SOURCES (USES)				
Sources	250,000		-	-
Uses				-
Total Other Financing Sources (Uses)	250,000	-	-	-
Net Change in Fund Balance	(66,222)	(506,436)	(506,436)	-
Fund Balance - Beginning	(432,780)	7,475,749	7,475,749	-
Fund Balance - Ending	\$ (499,002)	6,969,313	6,969,313	-

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

TUNICA COUNTY
Schedule of the County's and Component Units' Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
"UNAUDITED"

Tunica County

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.1713%	0.1722%	0.1701%	0.1633%	0.1696%	0.1835%
County's proportionate share of the net pension liability (asset)	\$ 30,135,043	28,641,976	28,276,396	29,169,456	26,216,815	22,273,540
County's covered payroll	\$ 11,153,344	10,993,702	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	270.19%	260.53%	259.13%	279.00%	247.48%	198.61%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

COMPONENT UNIT

Tunica County Airport Commission

Commission's proportion of the net pension liability (asset)	0.005088%	0.005491%	0.005857%	0.005993%	0.008677%	0.009502%
Commission's proportionate share of the net pension liability (asset)	\$ 895,080	913,321	973,632	1,070,496	1,341,293	1,153,369
Commission's covered payroll	\$ 331,358	350,660	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	270.12%	260.46%	259.12%	279.21%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at 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, 2019
“UNAUDITED”

Tunica County

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,793,408	1,767,306	1,682,081	1,650,222	1,658,337
Contributions in relation to the contractually required contribution	<u>1,793,408</u>	<u>1,767,306</u>	<u>1,682,081</u>	<u>1,650,222</u>	<u>1,658,337</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 11,102,644	11,220,989	10,679,878	10,477,603	10,529,115
Contributions as a percentage of covered payroll	16.15%	15.75%	15.75%	15.75%	15.75%

COMPONENT UNIT

Tunica County Airport Commission

Contractually required contribution	\$ 54,194	53,619	58,848	59,801	76,852
Contributions in relation to the contractually required contribution	<u>54,194</u>	<u>53,619</u>	<u>58,848</u>	<u>59,801</u>	<u>76,852</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 335,620	340,438	373,638	379,689	487,949
Contributions as a percentage of covered payroll	16.15%	15.75%	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.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%

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, 2019
"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 supplementary 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
Budget (Cash Basis)	86,684	(506,436)
Increase (Decrease)		
Net adjustments for revenue accruals	164,819	228,946
Net adjustments for expenditure accruals	260,801	(156,295)
GAAP Basis	<u>512,304</u>	<u>(433,785)</u>

TUNICA COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
"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.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

TUNICA COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
"UNAUDITED"

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

TUNICA COUNTY

OTHER INFORMATION

TUNICA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
“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
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
Tomaka Henderson	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
Barry Collins	Deputy Justice Court Clerk	Western Surety	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-Davis	Deputy Tax Collector	RLI Insurance Company	50,000

TUNICA COUNTY

SPECIAL REPORT

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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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 18, 2020. Other auditors audited the financial statements of the Tunica County Airport Commission 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 Tunica County Mississippi'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 Tunica County Mississippi'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 have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tunica County Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

Tunica County's Response to Finding

Tunica County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Tunica County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Baird & Clarke, PLLC

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

September 18, 2020

TUNICA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

TUNICA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2019

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? None reported

3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

Material Noncompliance

2019-001. County signed warrants without sufficient money.

Repeat Finding: No

Criteria: Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition: Warrants were issued on funds that did not have sufficient money to pay the warrants. As of September 30, 2019, the following funds had deficit cash balances:

General Fund	\$ 5,037,035
General Obligation Bond Fund	\$ 1,105,235
Other Governmental Funds	\$ 212,461

Cause: The County has failed to establish and maintain an adequate internal control system to ensure that expenditures are not incurred in funds for which money is not available and that warrants are only issued when there is sufficient money in the funds upon which they are drawn in compliance with state law.

TUNICA COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Effect: Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose.

Recommendation: The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Response: In an effort to balance Tunica County's budget and to prevent deficit spending currently and in the future, the Board of Supervisors has considered and agreed to reduce its current payroll and benefit costs by approximately \$2,500,000 per year. The County's workforce has been reduced by about 55 employees. In addition, the Board of Supervisors has reduced and/or eliminated monthly subsidies by an annual expenditure of approximately \$1,200,000 and other costs such as utilities and contracts were reduced by an additional \$325,000. The Board of Supervisors anticipates a \$1,000,000 increase in future revenues after the COVID-19 crisis is over. The County is also implementing an adequate financial internal control that consists of producing monthly financial statements for review by management to strengthen its financial processes.