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**Tunica County School District**

Audited Financial Statements  
For the Year Ended June 30, 2019

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Tunica County School District  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Interim Superintendent  
Tunica County School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Tunica County School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit 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 District'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.

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District, as of June 30, 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, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 8 to 19, and 60 to 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tunica County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare

the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020, on our consideration of the Tunica County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the Tunica County School District'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 School District's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
February 6, 2020

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS



**Tunica County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

The following discussion and analysis of Tunica County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2019 increased \$2,201,971, including a prior period adjustment of (\$11,934), which represents a 56% increase from fiscal year 2018. Total net position for 2018 decreased \$1,860,218, including a prior period adjustment of (\$2,125,084), which represents an 89% decrease from fiscal year 2017.
- General revenues amounted to \$22,387,177 and \$21,610,917, or 82% and 83% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,758,344, or 18% of total revenues for 2019, and \$4,549,440, or 17% of total revenues for 2018.
- The District had \$24,931,616 and \$25,895,491 in expenses for fiscal years 2019 and 2018; only \$4,758,344 for 2019 and only \$4,549,440 for 2018 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$22,387,177 for 2019 and \$21,610,917 for 2018 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$21,563,002 in revenues and \$19,045,137 in expenditures for 2019, and \$21,491,578 in revenues and \$19,017,931 in expenditures for 2018. The General Fund's fund balance increased by \$3,392,858, including a prior period adjustment of (\$11,934), from 2018 to 2019, and increased by \$3,025,379, from 2017 to 2018.
- Capital assets, net of accumulated depreciation, decreased by \$558,948 for 2019 and decreased by \$612,301 for 2018. The decrease for 2019 was due primarily to the recording of depreciation expense during the year.
- Long-term debt increased by \$1,372,973 for 2019 and increased by \$1,508,797 for 2018. The increase for 2019 was due primarily to issuance of a shortfall note totaling \$1,991,079. The liability for compensated absences decreased by \$177 for 2019 and increased by \$24,313 for 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

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

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**Notes to the financial statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

**Supplementary Information**

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,746,074 as of June 30, 2019.

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

**Tunica County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

Table 1 presents a summary of the District's net position at June 30, 2019 and June 30, 2018.

**Table 1**  
**Condensed Statement of Net Position**

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>Percentage Change</b>
Current assets	\$ 21,043,697	15,553,869	35%
Restricted assets	0	1,288,641	(100)%
Capital assets, net	16,770,848	17,329,796	(3)%
<b>Total assets</b>	<b>37,814,545</b>	<b>34,172,306</b>	<b>11%</b>
<b>Deferred outflows of resources</b>	<b>5,796,627</b>	<b>3,935,475</b>	<b>47%</b>
Current liabilities	220,790	151,278	46%
Long-term debt outstanding	3,415,201	2,042,405	67%
Net OPEB liability	1,987,243	1,974,439	1%
Net pension liability	35,767,707	33,946,138	5%
<b>Total liabilities</b>	<b>41,390,941</b>	<b>38,114,260</b>	<b>9%</b>
<b>Deferred inflows of resources</b>	<b>3,966,305</b>	<b>3,941,566</b>	<b>1%</b>
<b>Net position:</b>			
Net investment in capital assets	16,605,685	17,109,196	(3)%
Restricted	2,722,794	1,983,978	37%
Unrestricted	(21,074,553)	(23,041,219)	9%
<b>Total net position (deficit)</b>	<b>\$ (1,746,074)</b>	<b>(3,948,045)</b>	<b>56%</b>

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (21,074,553)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>35,924,628</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 14,850,075</u>

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

- Decrease in net capital assets in the amount of \$558,948.
- The principal retirement of \$618,106 of long-term debt.
- Issuance of a shortfall note totaling \$1,991,079.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$27,145,521 and \$26,160,357, respectively. The total cost of all programs and services was \$24,931,616 for 2019 and \$25,895,491 for 2018.

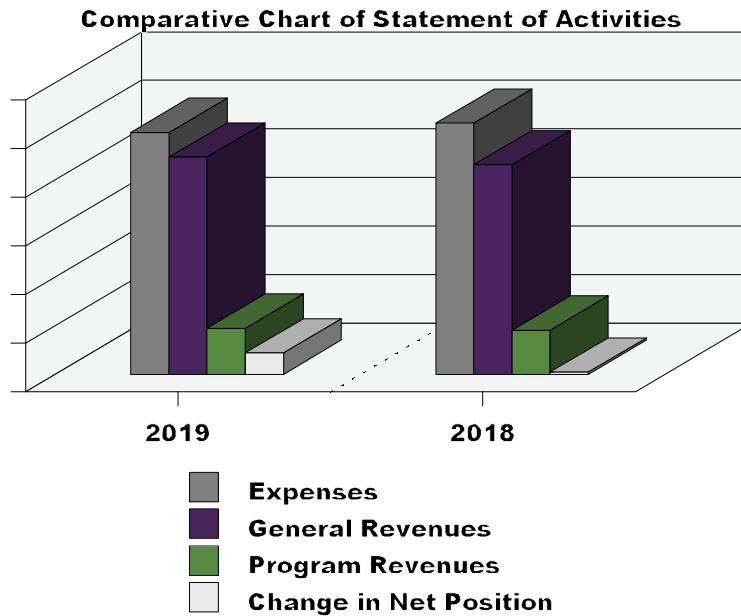
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and June 30, 2018.

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**Table 2**  
**Changes in Net Position**

	<b>Year Ended June 30, 2019</b>	<b>Year Ended June 30, 2018</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 235,063	211,023	11%
Operating grants and contributions	4,523,281	4,338,417	4%
General Revenues:			
Property taxes and gaming	12,685,804	12,225,441	4%
Grants and contributions not restricted	9,450,368	9,325,064	1%
Unrestricted investment earnings	182,483	20,954	771%
Other	68,522	39,458	74%
<b>Total revenues</b>	<u>27,145,521</u>	<u>26,160,357</u>	4%
<b>Expenses:</b>			
Instruction	10,619,690	11,005,122	(4)%
Support services	10,160,054	9,684,022	5%
Non-instructional	1,907,642	1,961,170	(3)%
Pension expense	2,113,890	3,123,982	(32)%
OPEB expense	79,664	75,895	5%
Interest on long-term liabilities	50,676	45,300	12%
<b>Total expenses</b>	<u>24,931,616</u>	<u>25,895,491</u>	(4)%
<b>Increase (Decrease) in net position</b>	<u>2,213,905</u>	<u>264,866</u>	736%
<b>Net Position (Deficit), July 1, as previously reported</b>	(3,948,045)	(2,087,827)	(89)%
<b>Prior period adjustment</b>	(11,934)	(2,125,084)	99%
<b>Net Position (Deficit), July 1, as restated</b>	<u>(3,959,979)</u>	<u>(4,212,911)</u>	6%
<b>Net Position (Deficit), June 30</b>	<u>\$ (1,746,074)</u>	<u>(3,948,045)</u>	56%

**Tunica County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**



**Governmental activities**

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

**Table 3**  
**Net Cost of Governmental Activities**

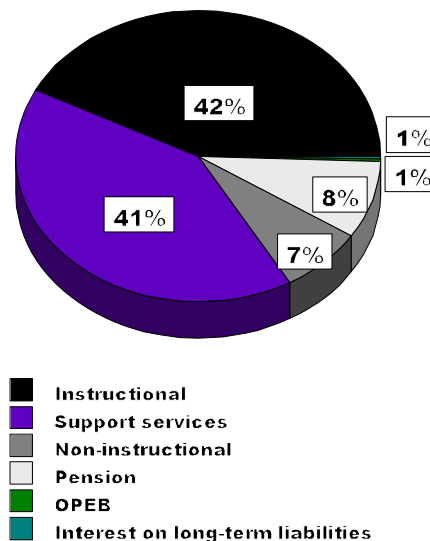
	<u><b>Total Expenses</b></u>		<b>Percentage Change</b>
	<u><b>2019</b></u>	<u><b>2018</b></u>	
Instruction	\$ 10,619,690	11,005,122	(4)%
Support services	10,160,054	9,684,022	5%
Non-instructional	1,907,642	1,961,170	(3)%
Pension expense	2,113,890	3,123,982	(32)%
OPEB expense	79,664	75,895	5%
Interest on long-term liabilities	<u>50,676</u>	<u>45,300</u>	<u>12%</u>
<b>Total expenses</b>	<u><u>\$ 24,931,616</u></u>	<u><u>25,895,491</u></u>	<u><u>(4)%</u></u>



**Tunica County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

	<b>Net (Expense) Revenue</b>		
	<b>2019</b>	<b>2018</b>	<b>Percentage Change</b>
Instruction	\$ (9,108,068)	(9,364,349)	3%
Support services	(9,067,047)	(8,935,408)	(1)%
Non-instructional	246,073	198,883	24%
Pension expense	(2,113,890)	(3,123,982)	32%
OPEB expense	(79,664)	(75,895)	(5)%
Interest on long-term liabilities	(50,676)	(45,300)	(12)%
<b>Total net (expense) revenue</b>	<b>\$ (20,173,272)</b>	<b>(21,346,051)</b>	<b>5%</b>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$20,173,272 for 2019 and \$21,346,051 for 2018) was financed by general revenue, which is primarily made up of property taxes and gaming (\$12,685,804 for 2019 and \$12,225,441 for 2018) and state and federal revenues (\$9,450,368 for 2019 and \$9,325,064 for 2018).
- Investment earnings amounted to \$182,483 for 2019 and \$20,954 for 2018.

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$20,859,332, an increase of \$4,126,121, which includes a prior period adjustment of (\$11,934) and a decrease in inventory of \$3,504. \$18,068,806 or 87% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$2,790,526 or 13% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$3,392,858. The fund balance of Other Governmental Funds showed an increase in the amount of \$733,263, which includes a decrease in inventory of \$3,504. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Grant Fund	no increase or decrease
Special Education Fund	no increase or decrease

**BUDGETARY HIGHLIGHTS**

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

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

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2019, the District's total capital assets were \$33,726,235, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$167,087 from 2018. Total accumulated depreciation as of June 30, 2019, was \$16,955,387, and total depreciation expense for the year was \$731,473, resulting in total net capital assets of \$16,770,848.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 160,050	160,050	0%
Buildings	15,183,890	15,702,521	(3)%
Building improvements	248,428	273,270	(9)%
Improvements other than buildings	17,874	19,662	(9)%
Mobile equipment	944,984	939,639	1%
Furniture and equipment	215,622	234,654	(8)%
<b>Total</b>	<u>\$ 16,770,848</u>	<u>17,329,796</u>	<u>(3)%</u>

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

**Debt Administration.** At June 30, 2019, the District had \$3,415,201 in outstanding long-term debt, of which \$1,262,984 is due within one year. The liability for compensated absences decreased \$177 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 165,163	220,600	(25)%
Shortfall notes payable	3,167,221	1,738,811	82%
Compensated absences payable	82,817	82,994	0%
<b>Total</b>	<u>\$ 3,415,201</u>	<u>2,042,405</u>	<u>67%</u>

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

**Tunica County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**CURRENT ISSUES**

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

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

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

Enrollment for the 2018 - 2019 year decreased by 17% to 1,682 students.

During fiscal year 2019, the school district was still under conservatorship by the Mississippi Department of Education (MDE) due to accreditation issues. The MDE appointed a conservator (Interim Superintendent) to govern the district. As a consequence there's still no acting school board.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## FINANCIAL STATEMENTS

**TUNICA COUNTY SCHOOL DISTRICT****STATEMENT OF NET POSITION**

JUNE 30, 2019

	Governmental Activities
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 17,791,083
<i>Due from other governments</i>	3,250,500
<i>Inventories</i>	2,114
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	160,050
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	15,183,890
<i>Building improvements</i>	248,428
<i>Improvements other than buildings</i>	17,874
<i>Mobile equipment</i>	944,984
<i>Furniture and equipment</i>	215,622
Total Assets	<u>37,814,545</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	5,669,032
Deferred outflows - OPEB	127,595
Total Deferred Outflows of Resources	<u>5,796,627</u>
<b>Liabilities</b>	
<i>Accounts payable and accrued liabilities</i>	184,364
<i>Interest payable on long-term liabilities</i>	36,426
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	40,073
<i>Non-capital related liabilities</i>	1,222,911
<i>Net OPEB liability</i>	83,541
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	125,090
<i>Non-capital related liabilities</i>	2,027,127
<i>Net pension liability</i>	35,767,707
<i>Net OPEB liability</i>	1,903,702
Total Liabilities	<u>41,390,941</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	3,720,814
Deferred inflows - OPEB	245,491
Total Deferred Inflows of Resources	<u>3,966,305</u>
<b>Net Position</b>	
Net Investment in Capital Assets	16,605,685
Restricted For:	
Expendable:	
School Based Activities	848,968
Debt Service	1,818,973
Unemployment Benefits	54,853
Unrestricted	(21,074,553)
Total Net Position (Deficit)	<u>\$ (1,746,074)</u>

The accompanying notes are an integral part of this statement.

## TUNICA COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
<i>Instruction</i>	10,619,690	78,474	1,433,148	(9,108,068)
<i>Support services</i>	10,160,054	--	1,093,007	(9,067,047)
<i>Noninstructional services</i>	1,907,642	156,589	1,997,126	246,073
<i>Pension expense</i>	2,113,890	--	--	(2,113,890)
<i>OPEB expense</i>	79,664	--	--	(79,664)
<i>Interest on long-term liabilities</i>	50,676	--	--	(50,676)
Total Governmental Activities	<u>\$ 24,931,616</u>	<u>\$ 235,063</u>	<u>\$ 4,523,281</u>	<u>(20,173,272)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				10,181,842
<i>Gaming</i>				2,503,962
Unrestricted grants and contributions:				
<i>State</i>				9,376,790
<i>Federal</i>				73,578
Unrestricted investment earnings				182,483
Other				68,522
Total General Revenues				<u>22,387,177</u>
Change in Net Position				<u>2,213,905</u>
Net Position (Deficit) - Beginning, as previously reported				(3,948,045)
Prior Period Adjustment				(11,934)
Net Position (Deficit) - Beginning, as restated				<u>(3,959,979)</u>
Net Position (Deficit) - Ending				<u>\$ (1,746,074)</u>

The accompanying notes are an integral part of this statement.

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**TUNICA COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	General Fund	Title I Grant Fund
	<hr/>	<hr/>
<b>Assets</b>		
<i>Cash and cash equivalents</i>	\$ 15,076,347	\$ --
<i>Due from other governments</i>	2,942,653	134,901
<i>Due from other funds</i>	227,385	--
<i>Inventories</i>	--	--
Total Assets	<u>\$ 18,246,385</u>	<u>\$ 134,901</u>
	<hr/>	<hr/>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
<i>Accounts payable and accrued liabilities</i>	\$ 146,273	\$ 2,239
<i>Due to other funds</i>	--	132,662
Total Liabilities	<u>146,273</u>	<u>134,901</u>
	<hr/>	<hr/>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
<i>Inventory</i>	--	--
<b>Restricted:</b>		
<i>Unemployment benefits</i>	--	--
<i>Debt service</i>	--	--
<i>Grant activities</i>	--	--
<i>Food service</i>	--	--
<b>Assigned:</b>		
<i>Activity funds</i>	27,309	--
<i>Special education</i>	3,997	--
<b>Unassigned</b>	<u>18,068,806</u>	<u>--</u>
Total Fund Balances	<u>18,100,112</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 18,246,385</u>	<u>\$ 134,901</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

Special Education Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 2,714,736	\$ 17,791,083
73,557	94,910	3,246,021
--	5,697	233,082
--	2,114	2,114
<u>\$ 73,557</u>	<u>\$ 2,817,457</u>	<u>\$ 21,272,300</u>
\$ 7,068	\$ 28,784	\$ 184,364
66,489	29,453	228,604
<u>73,557</u>	<u>58,237</u>	<u>412,968</u>
--	2,114	2,114
--	54,853	54,853
--	1,855,399	1,855,399
--	103,917	103,917
--	742,937	742,937
--	--	27,309
--	--	3,997
--	--	18,068,806
<u>--</u>	<u>2,759,220</u>	<u>20,859,332</u>
<u>\$ 73,557</u>	<u>\$ 2,817,457</u>	<u>\$ 21,272,300</u>

**TUNICA COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019*

Total fund balances for governmental funds	\$ 20,859,332
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	16,770,848
Liabilities due in one year are not recognized in the funds.	(1,346,525)
Payables for bond interest which are not due in the current period are not reported in the funds.	(36,426)
Payables for notes which are not due in the current period are not reported in the funds.	(2,069,400)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(82,817)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(35,767,707)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(3,720,814)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	5,669,032
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(1,903,702)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(245,491)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	127,595
Rounding difference	1
Net position of governmental activities	\$ <u>(1,746,074)</u>

The accompanying notes are an integral part of this statement.

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**TUNICA COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Title I Grant Fund
<b>Revenues:</b>		
Local sources	\$ 12,383,506	\$ --
State sources	9,105,918	--
Federal sources	73,578	1,433,249
Total Revenues	<u>21,563,002</u>	<u>1,433,249</u>
<b>Expenditures:</b>		
Instruction	9,592,497	963,453
Support services	9,452,239	392,543
Noninstructional services	401	52,715
Debt service:		
Principal	--	--
Interest	--	--
Total Expenditures	<u>19,045,137</u>	<u>1,408,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,517,865</u>	<u>24,538</u>
<b>Other Financing Sources (Uses):</b>		
Notes issued	1,991,079	--
Operating transfers in	92,485	--
Operating transfers out	(1,196,637)	(24,538)
Total Other Financing Sources (Uses)	<u>886,927</u>	<u>(24,538)</u>
Net change in fund balances	3,404,792	--
<b>Fund Balances:</b>		
July 1, 2018, Beginning, as previously reported	14,707,254	--
Prior period adjustments	(11,934)	--
July 1, 2018, as restated	<u>14,695,320</u>	<u>--</u>
Increase (decrease) in inventory	--	--
June 30, 2019	<u>\$ 18,100,112</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 785,796	\$ 13,169,302
--	673,336	9,779,254
379,354	2,308,214	4,194,395
<u>379,354</u>	<u>3,767,346</u>	<u>27,142,951</u>
82,032	1,097,621	11,735,603
250,446	573,776	10,669,004
4,119	1,856,294	1,913,529
--	618,106	618,106
--	56,229	56,229
<u>336,597</u>	<u>4,202,026</u>	<u>24,992,471</u>
<u>42,757</u>	<u>(434,680)</u>	<u>2,150,480</u>
--	--	1,991,079
--	1,370,284	1,462,769
(42,757)	(198,837)	(1,462,769)
<u>(42,757)</u>	<u>1,171,447</u>	<u>1,991,079</u>
--	736,767	4,141,559
--	2,025,957	16,733,211
--	--	(11,934)
<u>--</u>	<u>2,025,957</u>	<u>16,721,277</u>
--	(3,504)	(3,504)
<u>\$ --</u>	<u>\$ 2,759,220</u>	<u>\$ 20,859,332</u>

**TUNICA COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019*

Net change in fund balances - total governmental funds	\$ 4,141,559
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	172,580
The depreciation of capital assets used in governmental activities is not reported in the funds.	(731,473)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(55)
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	618,106
(Increase) decrease in accrued interest from beginning of period to end of period.	5,553
Change in inventory affects fund balance in the funds affects expense in the SOA.	(3,504)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	177
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,991,079)
Entity's proportion of the contribution to the Plan.	2,569
Implicit rate subsidy fluctuation.	1,757
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	2,104,263
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,113,890)
Amounts paid by employer as benefits come due subsequent to measurement date of NOL and before end of OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	87,005
Rounding difference	(79,664)
	<u>1</u>
Change in net position of governmental activities	\$ <u>2,213,905</u>

The accompanying notes are an integral part of this statement.

**TUNICA COUNTY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

	Agency Funds
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 681,093
<i>Due from other funds</i>	729
Total Assets	<u>\$ 681,822</u>
<b>Liabilities</b>	
<i>Accounts payable &amp; accrued liabilities</i>	\$ 669,281
<i>Due to student clubs</i>	7,334
<i>Due to other funds</i>	5,207
Total Liabilities	<u>\$ 681,822</u>

The accompanying notes are an integral part of this statement.



**Tunica County School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## **Tunica County School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2019

### **Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

#### **A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board to which each member is elected by citizens of each defined county district. However, during fiscal year 2019, the school district was still under conservatorship by the Mississippi Department of Education (MDE) due to accreditation issues. The MDE appointed a conservator (Interim Superintendent) to govern the district. As a consequence there's still no acting school board.

For financial reporting purposes, Tunica County School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

#### **B. Government-wide and Fund Financial Statements**

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

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

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Title I Grant Fund - This special revenue fund accounts for the revenues and expenditures associated with the Title I grants to local education agencies programs for the 2019 fiscal year.

Special Education Fund - This fund provides revenues for children with disabilities with a free and appropriate education.

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

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

The District's fiduciary funds include the following:

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

**Payroll Clearing Fund** - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Additionally, the school district reports the following fund types:

#### **GOVERNMENTAL FUNDS**

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

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

#### **FIDUCIARY FUNDS**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount.

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. The effect of inter-fund activity has been eliminated from the government-wide statements.

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

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2014, issued by the U.S. Department of Education.

#### **D. Encumbrances**

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

#### **E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances**

##### **1. Cash, Cash equivalents and Investments**

###### **Cash and cash equivalents**

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

###### **Investments**

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

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

Investments for the district are reported at fair market value.

##### **2. Receivables and payables**

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

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### 3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

#### 4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

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

#### 5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. Currently there is no restricted assets for this school district.

#### 6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

assets are reported in the governmental column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

		Capitalization Policy	Estimated Useful Life
Land	\$	0	0
Buildings		50,000	40 years
Building Improvements		25,000	20 years
Improvements other than buildings		25,000	20 years
Mobile equipment		5,000	5-10 years
Furniture and equipment		5,000	3-7 years
Leased property under capital leases		*	*

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

#### 7. Deferred outflows/inflows of resources

In addition to assets, the statement 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district have deferred outflows which are presented as deferred outflows for pension and OPEB.



## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

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 so will not be recognized as an inflow of resources (revenue) until then. The school district have deferred inflows which are presented as deferred inflows for pension and OPEB.

See Note 10 for further details.

#### **8. Compensated Absences**

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

#### **9. Long-term Liabilities and Bond Discounts/Premiums**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

#### **10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

pension expense, information about the fiduciary net position of the Public Employees' Retirement System (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, the 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.

#### 11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

#### 12. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the

## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of general fund revenues or expenditures.

#### **Note 2 - Cash and Cash Equivalents**

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

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$17,791,083 and \$681,093, respectively.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Institution Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2019, none of the district's bank balance of \$19,390,383 was exposed to custodial credit risk.

### Note 3 - Inter-fund Receivables, Payables and Transfers

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

#### A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Grant Fund	\$ 131,933
	Special Education Fund	66,489
	Fiduciary Funds	5,207
	Other Governmental Funds	23,756
Fiduciary Funds	Title I Grant Fund	729
Other Governmental Funds	Other Governmental Funds	5,697
Total		\$ <u>233,811</u>

The primary purpose of the interfund loans was to cover federal and state funds not received prior to year-end and account for the Board's assignment of funds for future capital projects.

# Tunica County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2019

## B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Title I Grant Fund	\$ 24,538
	Special Education Fund	42,757
	Other Governmental Funds	25,190
Other Governmental Funds	General Fund	1,196,637
	Other Governmental Funds	173,647
Total		\$ <u>1,462,769</u>

The primary purpose of the interfund transfers out of the Other Governmental Funds is the indirect cost allocation from the general fund.

## Note 4 - Capital Assets

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

	Balance 7-1-2018	Additions	Deletions	Balance 6-30-2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 160,050			160,050
Total non-depreciable capital assets	<u>160,050</u>	<u>0</u>	<u>0</u>	<u>160,050</u>
<u>Depreciable capital assets:</u>				
Buildings	26,942,379			26,942,379
Building improvements	621,061			621,061
Improvements other than buildings	44,692			44,692
Mobile equipment	4,194,631	134,937		4,329,568
Furniture and equipment	1,596,335	37,643	5,493	1,628,485
Total depreciable capital assets	<u>33,399,098</u>	<u>172,580</u>	<u>5,493</u>	<u>33,566,185</u>
<u>Less accumulated depreciation for:</u>				
Buildings	11,239,858	518,631		11,758,489
Building improvements	347,791	24,842		372,633
Improvements other than buildings	25,030	1,788		26,818
Mobile equipment	3,254,992	129,592		3,384,584
Furniture and equipment	1,361,681	56,620	5,438	1,412,863
Total accumulated depreciation	<u>16,229,352</u>	<u>731,473</u>	<u>5,438</u>	<u>16,955,387</u>
Total depreciable capital assets, net	<u>17,169,746</u>	<u>(558,893)</u>	<u>55</u>	<u>16,610,798</u>
Governmental activities capital assets, net	\$ <u>17,329,796</u>	<u>(558,893)</u>	<u>55</u>	<u>16,770,848</u>

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 173,671
Support services	441,717
Non-instructional	116,085
Total depreciation expense	\$ 731,473

#### Note 5 - Long-term liabilities

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

	Balance 7-1-2018	Additions	Reductions	Balance 6-30-2019	Amounts due within one year
A. Three mill notes payable	\$ 220,600		55,437	165,163	40,073
B. Shortfall notes payable	1,738,811	1,991,079	562,669	3,167,221	1,222,911
C. Compensated absences payable	82,994		177	82,817	
Total	\$ 2,042,405	1,991,079	618,283	3,415,201	1,262,984

# Tunica County School District

## Notes to the Financial Statements For the Year Ended June 30, 2019

### A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax notes payable, Series 2017	2.00%	07-20-17	07-20-22	\$ 204,450	165,163
2. Limited tax notes payable, Series 2017	2.00%	09-26-17	09-26-18	16,150	0
Total				\$ <u>220,600</u>	<u>165,163</u>

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

#### 1. \$204,450 Limited tax notes payable, Series 2017

Year Ending June 30	Principal	Interest	Total
2020	\$ 40,073	3,303	43,376
2021	40,874	2,502	43,376
2022	41,691	1,684	43,375
2023	<u>42,525</u>	<u>851</u>	<u>43,376</u>
Total	\$ <u>165,163</u>	<u>8,340</u>	<u>173,503</u>

This debt will be retired from the Three Mill Note Fund.

#### 2. \$16,150 Limited tax notes payable, Series 2017

This debt was paid off and retired from the Three Mill Note Fund.

### B. Shortfall notes payable

Shortfall notes currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall notes, Series 2017	2.98%	11-07-17	11-07-20	\$ 1,738,811	1,176,142
Shortfall notes, Series 2018	3.11%	11-16-19	11-16-21	<u>1,991,079</u>	<u>1,991,079</u>
Total				\$ <u>3,729,890</u>	<u>3,167,221</u>

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

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

1. Shortfall notes, Series 2017:

Year Ending June 30		Principal	Interest	Total
2020	\$	579,437	35,049	614,486
2021		596,705	17,782	614,487
Total	\$	<u>1,176,142</u>	<u>52,831</u>	<u>1,228,973</u>

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

2. Shortfall notes, Series 2018:

Year Ending June 30		Principal	Interest	Total
2020	\$	643,474	61,923	705,397
2021		663,485	41,911	705,396
2022		684,120	21,276	705,396
Total	\$	<u>1,991,079</u>	<u>125,110</u>	<u>2,116,189</u>

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

Total shortfall notes all issues:

Year Ending June 30		Principal	Interest	Total
2020	\$	1,222,911	96,972	1,319,883
2021		1,260,190	59,693	1,319,883
2022		684,120	21,276	705,396
Total	\$	<u>3,167,221</u>	<u>177,941</u>	<u>3,345,162</u>

### C. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.



## Tunica County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2019

### Note 6 - Defined Benefit Pension Plan

#### General Information about the Pension Plan

*Plan Description.* The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

*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 district. 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 60 or those who retire regardless of age with at least 30 years of creditable service (25 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 30 years (25 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 30 years or the number of years in age that the member is below 65, 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 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2019, 2018, and 2017, were \$2,104,263, \$2,162,858, and \$2,063,252, respectively, which equaled the required contributions for each year.

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

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

At June 30, 2019, the school district reported a liability of \$35,767,707 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2019 net pension liability was 0.215041 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.010834 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,113,890. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,669,069	\$
Net difference between projected and actual earnings on pension plan investments		643,401
Changes in proportion and differences between District contributions and proportionate share of contributions	1,895,700	3,077,413
District contributions subsequent to the measurement date	2,104,263	
Total	<u>\$ 5,669,032</u>	<u>\$ 3,720,814</u>

\$2,104,263 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 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 June 30:	
2020	\$ 273,391
2021	127,907
2022	(396,495)
2023	(160,848)
Total	<u>\$ (156,045)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

the measurement:

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<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%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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.

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District'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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 47,095,807	35,767,707	26,352,561

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

#### **Note 7 - Other Postemployment Benefits (OPEB)**

##### **General Information about the OPEB Plan.**

*Plan description.* State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et. seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

##### *Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/ junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan.

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

#### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$87,005 for the year ended June 30, 2019.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2019, the District reported a liability of \$1,987,243 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the District's proportion was 0.25689916 percent. This was an increase of 0.00525275 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$79,664. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

# Tunica County School District

## Notes to the Financial Statements For the Year Ended June 30, 2019

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	4,046	\$	
Changes of assumptions				141,595
Changes in proportion and differences between District contributions and proportionate share of contributions		36,544		103,896
District contributions subsequent to the measurement date		87,005		
Total	\$	<u>127,595</u>	\$	<u>245,491</u>

\$87,005 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2020	\$	(43,145)
2021		(43,145)
2022		(43,145)
2023		(43,145)
2024		(31,108)
Thereafter		<u>(1,213)</u>
Total	\$	<u>(204,901)</u>

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

Inflation	3.00 percent
Salary increases	3.25 - 18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Health Care Cost Trends	
Medicare Supplement Claims	7.25 percent for 2018 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

*Discount rate.* The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage point higher (4.89 percent) than the current discount rate:

		1% Decrease (2.89%)	Discount Rate (3.89%)		1% Increase (4.89%)
Net OPEB liability	\$	2,202,810	\$	1,987,243	\$ 1,801,850

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates Current		1% Increase
Net OPEB liability	\$	1,840,844	\$	1,987,243	\$ 2,153,511

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

## Note 8 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage



## **Tunica County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2019

in any of the past three fiscal years.

#### **Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

#### **Note 9 - Contingencies**

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

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

#### **Note 10 - Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$21,074,553) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$2,104,263 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The \$3,564,769 balance of deferred outflow of resources, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

## Tunica County School District

### Notes to the Financial Statements For the Year Ended June 30, 2019

The unrestricted net position amount of (\$21,074,553) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,720,814 balance of deferred inflow of resources, at June 30, 2019 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$21,074,553) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$87,005 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. The \$40,590 balance of deferred outflow of resources, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$21,074,553) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$245,491 balance of deferred inflow of resources at June 30, 2019 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

#### Note 11 - Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

##### Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
Adjustments were made to properly present prior year receivable.	\$ <u>(11,934)</u>

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	Adjustments were made to properly present prior year receivable.	\$ <u>(11,934)</u>

#### Note 12 - Juvenile Detention Center Education Program

The Tunica County School District entered into an Alternative School Agreement dated August 6, 2018 creating the Leflore County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Attala County School District, Carroll County School District, Coffeetown School District, Clarksdale Municipal School District, Coahoma Agricultural High School, Coahoma County School District, East Tallahatchie School District, Greenwood Leflore Consolidated School District, Holmes County Consolidated School District, Humphreys County School District, Kosciusko School District, North Panola School District, Senatobia Municipal School

## **Tunica County School District**

### **Notes to the Financial Statements For the Year Ended June 30, 2019**

District, South Panola School District, Sunflower County Consolidated School District, Tate County School District, Tunica County School District, Water Valley School District, West Tallahatchie Consolidated School District and Winona-Montgomery Consolidated School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. The Greenwood Leflore Consolidated School District has been designated as the lead school district for the Leflore County Juvenile Detention Center and the operations of the program are included in its financial statements.

#### **Note 13 - Subsequent Events**

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

On July 3, 2019, the school district acquired a shortfall note in the amount of \$967,685. The shortfall note proceeds have not been received as of February 6, 2020.

## REQUIRED SUPPLEMENTARY INFORMATION

**TUNICA COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2019

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 12,431,086	12,383,405	12,383,506	(47,681)	101
State sources	9,148,070	9,105,917	9,105,918	(42,153)	1
Federal sources	7,095	73,578	73,578	66,483	-
Total Revenues	<u>21,586,251</u>	<u>21,562,900</u>	<u>21,563,002</u>	<u>(23,351)</u>	<u>102</u>
<b>Expenditures:</b>					
Instruction	10,546,631	9,592,497	9,592,497	954,134	-
Support services	10,451,970	9,452,138	9,452,239	999,832	(101)
Noninstructional services	3,300	401	401	2,899	-
Total Expenditures	<u>21,001,901</u>	<u>19,045,036</u>	<u>19,045,137</u>	<u>1,956,865</u>	<u>(101)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>584,350</u>	<u>2,517,864</u>	<u>2,517,865</u>	<u>1,933,514</u>	<u>1</u>
<b>Other Financing Sources (Uses):</b>					
Notes issued		1,991,079	1,991,079	1,991,079	-
Operating transfers in	160,153	118,137	92,485	(42,016)	(25,652)
Other financing sources	2,370			(2,370)	-
Operating transfers out	(670,597)	(1,222,560)	(1,196,637)	(551,963)	25,923
Total Other Financing Sources (Uses)	<u>(508,074)</u>	<u>886,656</u>	<u>886,927</u>	<u>1,394,730</u>	<u>271</u>
Net Change in Fund Balances	<u>76,276</u>	<u>3,404,520</u>	<u>3,404,792</u>	<u>3,328,244</u>	<u>272</u>
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	13,080,005	14,794,997	14,707,254	1,714,992	(87,743)
Prior period adjustments	-	(87,742)	(11,934)	(87,742)	75,808
July 1, 2018, as restated	<u>13,080,005</u>	<u>14,707,255</u>	<u>14,695,320</u>	<u>1,627,250</u>	<u>(11,935)</u>
June 30, 2019	<u>\$ 13,156,281</u>	<u>18,111,775</u>	<u>18,100,112</u>	<u>4,955,494</u>	<u>(11,663)</u>

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

**TUNICA COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

Title I Grant Fund

For the Year Ended June 30, 2019

**Exhibit 2**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,889,241	2,236,773	1,433,249	347,532	(803,524)
Total Revenues	<u>1,889,241</u>	<u>2,236,773</u>	<u>1,433,249</u>	<u>347,532</u>	<u>(803,524)</u>
<b>Expenditures:</b>					
Instruction	1,389,581	1,577,254	963,453	(187,673)	613,801
Support services	385,743	540,418	392,543	(154,675)	147,875
Noninstructional services	72,398	81,664	52,715	(9,266)	28,949
Total Expenditures	<u>1,847,722</u>	<u>2,199,336</u>	<u>1,408,711</u>	<u>(351,614)</u>	<u>790,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,519</u>	<u>37,437</u>	<u>24,538</u>	<u>(4,082)</u>	<u>(12,899)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	<u>(41,519)</u>	<u>(37,437)</u>	<u>(24,538)</u>	<u>4,082</u>	<u>12,899</u>
Total Other Financing Sources (Uses)	<u>(41,519)</u>	<u>(37,437)</u>	<u>(24,538)</u>	<u>4,082</u>	<u>12,899</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2018	-	-	-	-	-
June 30, 2019	\$ -	-	-	-	-

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

**TUNICA COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

Special Education Fund

For the Year Ended June 30, 2019

**Exhibit 3**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 606,026	690,404	379,354	84,378	(311,050)
Total Revenues	<u>606,026</u>	<u>690,404</u>	<u>379,354</u>	<u>84,378</u>	<u>(311,050)</u>
<b>Expenditures:</b>					
Instruction	138,060	233,226	82,032	(95,166)	151,194
Support services	436,808	405,764	250,446	31,044	155,318
Noninstructional services	3,500	4,619	4,119	(1,119)	500
Total Expenditures	<u>578,368</u>	<u>643,609</u>	<u>336,597</u>	<u>(65,241)</u>	<u>307,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,658</u>	<u>46,795</u>	<u>42,757</u>	<u>19,137</u>	<u>(4,038)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(27,658)	(46,795)	(42,757)	(19,137)	4,038
Total Other Financing Sources (Uses)	<u>(27,658)</u>	<u>(46,795)</u>	<u>(42,757)</u>	<u>(19,137)</u>	<u>4,038</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2018	-	-	-	-	-
June 30, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**Tunica County School District**

## Schedule of the District's Proportionate Share of the Net Pension Liability

## PERS

## Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 35,767,707	33,946,134	38,782,874	36,574,930	27,708,890
District's proportion of the net pension liability	0.215041%	0.204207%	0.217119%	0.236608%	0.228279%
District's covered payroll	13,732,432	13,100,019	13,889,625	14,781,943	13,949,035
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.



**Tunica County School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years\*

		2019	2018	2017	2016	2015
Contractually required contribution	\$	<u>2,104,263</u>	<u>2,162,858</u>	<u>2,063,253</u>	<u>2,187,616</u>	<u>2,328,156</u>
Contributions in relation to the contractually required contribution		2,104,263	2,162,858	2,063,253	2,187,616	2,328,156
Contribution deficiency (excess)	\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll		13,360,400	13,732,432	13,100,019	13,889,625	14,781,943
Contributions as a percentage of covered payroll		15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Tunica County School District**

## Schedule of the District's Proportionate Share of the Net OPEB Liability

## OPEB

Last 10 Fiscal Years\*

	2019	2018
District's proportionate share of the net OPEB liability	\$ 1,987,243	1,974,439
District's proportion of the net OPEB liability	0.25689916%	0.25164641%
District's covered-employee payroll	11,619,374	11,305,781 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

**Tunica County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years\*

	2019	2018	
Actuarially determined contribution	\$ 87,005	84,173	**
Contributions in relation to the actuarially determined contribution	87,005	84,173	**
Contribution deficiency (excess)	\$ -	-	
District's covered-employee payroll	11,642,256	13,732,432	
Contributions as a percentage of covered-employee payroll	0.75%	0.61%	

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

## Tunica County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2019

#### Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

#### Pension Schedules

(1) *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% to 3.00% and 8.00% to 7.75% respectively.

2016:

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

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% to 3.25%.

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

## Tunica County School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2019

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

(2) *Changes in benefit provisions*

2016:

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.

(3) *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, 2016 valuation for the June 30, 2018 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	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

#### OPEB Schedules

(1) *Changes of assumptions*

2017:

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018:

The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017:

None

2018:

None

## Tunica County School District

Notes to the Required Supplementary Information (Continued)  
For the Year Ended June 30, 2019

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.75%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	5.00%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2023
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

- (4) Under GASB 75, employers are also required to consider any implicit subsidy that may be occurring. Medical costs generally increase with advancing age. Therefore, the medical costs for the retiree group are higher than the medical costs for the employee group, even taking Medicare into account. Stated another way, when a plan includes both employees and retirees, the blended premiums are almost always higher than what the premiums would be for employees, and lower than what the premiums would be for retirees, if each group were rated separately. The premium rate difference is referred to as the implicit rate subsidy.

## SUPPLEMENTARY INFORMATION

**TUNICA COUNTY SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	195MS326N1099	10.553	\$ 681,072
National School Lunch Program	195MS326N1099	10.555	1,215,338
Summer Food Service Program for Children	195MS326N1099	10.559	25,564
Total Child Nutrition Cluster			1,921,974
Fresh Fruits and Vegetables Program	195MS326L1603	10.582	91,063
Child and Adult Care Food Program	195MS340N1050	10.558	3,045
Total passed-through the Mississippi Department of Education			2,016,082
<b>Total U.S. Department of Agriculture</b>			<b>2,016,082</b>
<b><u>U. S. Department of Defense</u></b>			
Direct program:			
Reserve Officers' Training Corps		12.xxx	41,053
<b>Total U.S. Department of Defense</b>			<b>41,053</b>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A180024	84.010	1,433,249
Career and Technical Education - Basic Grants to States	V048A180024	84.048	40,210
Rural Education	ES358B180024	84.358	30,596
Supporting Effective Instruction State Grants	ES367A180023	84.367	154,837
Student Support and Academic Enrichment Program	ES424A180025	84.424	22,335
Subtotal			1,681,227
Special Education Cluster:			
Special Education - Grants to States	H027A180108	84.027	379,354
Special Education - Preschool Grants	H173A180113	84.173	3,101
Total Special Education Cluster			382,455
Total passed-through the Mississippi Department of Education			2,063,682
<b>Total U.S. Department of Education</b>			<b>2,063,682</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1905MS5ADM	93.778	2,141
Total passed-through the Mississippi Department of Education			2,141
<b>Total U.S. Department of Health and Human Services</b>			<b>2,141</b>
<b><u>Social Security Administration:</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	04-19-04MSDI00	96.001	1,030
Total passed-through the Mississippi Department of Rehabilitation Services			1,030
<b>Total Social Security Administration</b>			<b>1,030</b>
Total for All Federal Awards			\$ 4,123,988

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



## Tunica County School District

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the school district under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the school district, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school district.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The school district did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$104,432 are included in the National School Lunch Program.

**TUNICA COUNTY SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2019

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	18,086,654	12,539,692	875,212	1,449,592	3,222,158
Other	6,905,817	3,526,043	393,166	27,551	2,959,057
Total \$	<u>24,992,471</u>	<u>16,065,735</u>	<u>1,268,378</u>	<u>1,477,143</u>	<u>6,181,215</u>
Total number of students *	<u>1,682</u>				
Cost per student \$	<u>14,859</u>	<u>9,552</u>	<u>754</u>	<u>878</u>	<u>3,675</u>

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

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

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

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

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

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

## OTHER INFORMATION

**TUNICA COUNTY SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

"UNAUDITED"

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 12,383,506	12,393,586	11,913,858	12,041,111
State sources	9,105,918	9,007,850	9,114,160	9,442,915
Federal sources	73,578	90,142	175,925	287,078
Total Revenues	<u>21,563,002</u>	<u>21,491,578</u>	<u>21,203,943</u>	<u>21,771,104</u>
<b>Expenditures:</b>				
Instruction	9,592,497	9,812,095	9,195,541	9,803,324
Support services	9,452,239	9,205,536	9,332,953	9,539,411
Noninstructional services	401	300		980
Total Expenditures	<u>19,045,137</u>	<u>19,017,931</u>	<u>18,528,494</u>	<u>19,343,715</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,517,865</u>	<u>2,473,647</u>	<u>2,675,449</u>	<u>2,427,389</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	1,991,079	1,738,811	474,927	2,112,000
Insurance recovery			26,464	3,341
Sale of other property		5,724		
Operating transfers in	92,485	38,122	45,417	33,823
Operating transfers out	(1,196,637)	(1,185,739)	(1,051,126)	(2,920,327)
Other financing uses		(45,186)		(28,962)
Total Other Financing Sources (Uses)	<u>886,927</u>	<u>551,732</u>	<u>(504,318)</u>	<u>(800,125)</u>
Net Change in Fund Balances	3,404,792	3,025,379	2,171,131	1,627,264
<b>Fund Balances:</b>				
Beginning of period, as previously reported	14,707,254	11,681,875	9,510,744	5,680,008
Prior period adjustments	(11,934)			2,203,472
Beginning of period, as restated	<u>14,695,320</u>	<u>11,681,875</u>	<u>9,510,744</u>	<u>7,883,480</u>
End of period	<u>\$ 18,100,112</u>	<u>14,707,254</u>	<u>11,681,875</u>	<u>9,510,744</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**TUNICA COUNTY SCHOOL DISTRICT**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## All Governmental Funds

## Last Four Years

"UNAUDITED"

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 13,169,302	12,542,063	12,184,875	12,174,367
State sources	9,779,254	9,724,425	9,832,841	10,094,072
Federal sources	4,194,395	3,939,055	4,328,528	4,363,762
Total Revenues	<u>27,142,951</u>	<u>26,205,543</u>	<u>26,346,244</u>	<u>26,632,201</u>
<b>Expenditures:</b>				
Instruction	11,735,603	11,773,909	11,183,632	11,865,522
Support services	10,669,004	10,505,740	12,775,358	10,885,843
Noninstructional services	1,913,529	1,984,083	69,601	1,966,459
Debt service:				
Principal	618,106	474,927		2,172,485
Interest	56,229	20,353		61,996
Total Expenditures	<u>24,992,471</u>	<u>24,759,012</u>	<u>24,028,591</u>	<u>26,952,305</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,150,480</u>	<u>1,446,531</u>	<u>2,317,653</u>	<u>(320,104)</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	1,991,079	1,959,411	474,927	2,112,000
Insurance recovery			26,464	3,341
Sale of other property		5,724		
Operating transfers in	1,462,769	1,307,852	1,165,173	2,954,150
Operating transfers out	(1,462,769)	(1,307,852)	(1,165,173)	(2,954,150)
Other financing uses		(45,186)		(28,962)
Total Other Financing Sources (Uses)	<u>1,991,079</u>	<u>1,919,949</u>	<u>501,391</u>	<u>2,086,379</u>
Net Change in Fund Balances	4,141,559	3,366,480	2,819,044	1,766,275
<b>Fund Balances:</b>				
Beginning of period, as previously reported	16,733,211	13,369,454	10,548,599	6,592,379
Prior period adjustment	(11,934)			2,203,472
Beginning of period, as restated	<u>16,721,277</u>	<u>13,369,454</u>	<u>10,548,599</u>	<u>8,795,851</u>
Increase (decrease) in inventory	(3,504)	(2,723)	1,811	(13,527)
End of period	<u>\$ 20,859,332</u>	<u>16,733,211</u>	<u>13,369,454</u>	<u>10,548,599</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Interim Superintendent  
Tunica County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tunica County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Tunica County School District's basic financial statements, and have issued our report thereon dated February 6, 2020.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tunica County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 6, 2020

Certified Public Accountants



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Interim Superintendent  
Tunica County School District

**Report on Compliance for Each Major Federal Program**

We have audited Tunica County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Tunica County School District's major federal program for the year ended June 30, 2019. The Tunica County School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Tunica County School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

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TELEPHONE 601-992-5292 FAX 601-992-2033

## Opinion on Each Major Federal Program

In our opinion, the Tunica County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 6, 2020

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Interim Superintendent  
Tunica County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tunica County School District as of and for the year ended June 30, 2019, which collectively comprise Tunica County School District's basic financial statements and have issued our report thereon dated February 6, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

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

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

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

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This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
February 6, 2020

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

# **Tunica County School District**

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019**

### **Section I: Summary of Auditor's Results**

#### **Financial Statements:**

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

#### **Federal Awards:**

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major program:

CFDA Numbers:	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.
10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

## Section II: Financial Statements Findings

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

## Section III: Federal Awards Findings and Questioned Costs

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