

A Limited Management and Financial Review of Tunica County

CONCLUSION: The Tunica County Board of Supervisors should develop, implement, and adhere to policies and procedures necessary to ensure that the board does not engage in deficit spending; complies with state laws in the issuance of tax levies; enters all executive sessions in compliance with state laws; uses the county's general road funds exclusively for the construction, upkeep, and maintenance of the county's road and bridge system; ensures all county expenditures are supported by proper documentation and are properly recorded and classified in the county's recordkeeping system; and at all times ensures contracts for the county's housing rehabilitation program exist and are signed by the appropriate county officials and all parties responsible for the administration and operation of the program.

Background:

According to data from the 1980 and 1990 United States Census, Tunica County, Mississippi, was one of the poorest counties in the country at that time. Census data reported that the percentage of Tunica County's population living below the poverty line in 1980 and 1990 was 52.94% and 56.8%, respectively.

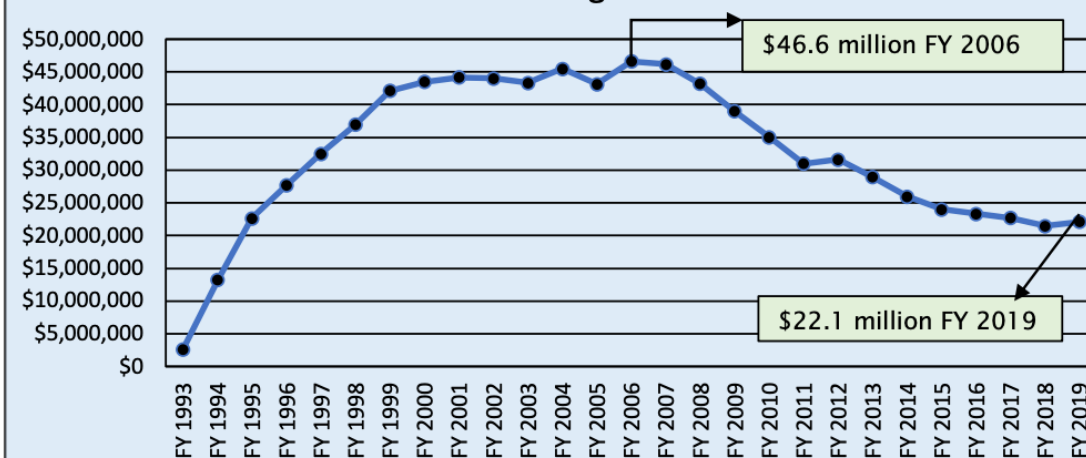
In 1990, the Mississippi Legislature first legalized gaming (in the form of dockside gambling) with the Mississippi Gaming Control Act. The first dockside casino in the state opened in August 1992, and the first such casino in Tunica County opened in October 1992. In addition to dockside gambling, the Legislature has since enacted other forms of legal gambling. For example, in 1992 the Legislature enacted the Charitable Bingo Law and authorized the Mississippi Gaming Commission to license certain organizations to conduct bingo games. In 2017, the Legislature repealed the portion of state law that prohibited sports betting, which allowed the activity to be legal in Mississippi after the U. S. Supreme Court's ruling on the issue in May 2018. Most recently, in August 2018 the Legislature enacted legislation to establish a lottery in Mississippi.

Tunica County Sources of Gaming Fee Revenues

In addition to the collection of gaming fees of up to 0.8% of monthly gaming revenue authorized by MISS. CODE ANN. Section 75-76-195 (1972), the Legislature authorized municipalities and counties, through local and private laws, to collect additional gaming fees of up to 3.2% of the gross monthly gaming revenue for any vessel docked in navigable waters zoned for gaming. Under current law, gaming fees are to be distributed between various Tunica County government operations, the Tunica County School District, and the Town of Tunica.

From December 1992 (FY 1993), when Tunica County began receiving gaming fee revenues, through September 2019 (FY 2019), the county received approximately \$882 million in gaming fees. Of this amount, the county retained approximately \$722 million and forwarded, as required by local and private legislation, approximately \$97 million to the Tunica County School District and approximately \$63 million to the Town of Tunica.

Gaming Fee Receipts for Tunica County
FY 1993 through FY 2019



Breakdown of the \$722 million in gaming fee revenue retained by Tunica County:

- Special Gaming Fund: \$258 million
- General Fund: \$191 million
- General Road Fund: \$171 million
- Special Construction Fund: \$102 million

From FY 2013 through FY 2018, gaming fee revenue comprised 62% of Tunica County's revenues.

PEER Committee's Major Conclusions:

Financial Management and Administrative Operations

1. From October 1, 2012, through August 31, 2019, the board expended approximately \$4.3 million more than the revenues that had been received by the county—i.e., the county engaged in deficit spending.
2. As of August 31, 2019, the county's general fund had a negative balance of approximately \$4.9 million, which means the county is relying primarily on the funds in the county's general road fund to provide the necessary cash to pay the county's expenses, a practice that is contrary to state law.
3. In April 2018, the board transferred \$5 million from the county's general road fund to the county's general fund, a practice which is also contrary to state law. In December 2018, the board received an Attorney General's opinion informing the board that such a transfer was not permissible. Despite being informed of this, the supervisors did not authorize repayment of the \$5 million to the general road fund until July 15, 2019, following PEER's commencement of fieldwork on this project.
4. In FY 2015, the board began assessing a county-wide nine-mill ad valorem tax for the county's general road fund. However, because the county was inaccurate with its projection of future expenditures for road maintenance and construction, the adopted millage rate overtaxed Tunica County residents by approximately \$5.5 million during fiscal years 2015 through 2017 when compared to average expenditures.
5. PEER identified deficiencies in the internal control policies and procedures of the board and the county's administration and financial recordkeeping.
6. Minutes of the Board of Supervisors meetings did not always state with sufficient specificity the reasons for the board's entering into executive sessions, as required by MISS. CODE ANN. Section 25-41-7 (1972).
7. The board did not comply with state law in the issuance of tax levies during FY 2014 and subsequently was required by court order to refund collected taxes of approximately \$190,000 to one taxpayer, with more potential refunds in the future.
8. The Tunica County Tax Collector's Office failed to comply with state law by not including the amounts of special assessments due for two of the county's utility districts on the individual tax bills for each affected parcel for the years of 2010 through 2015.

Homeowner Rehabilitation Program

9. Since the beginning of the board's current arrangement with North Delta Regional Housing Authority and, by extension, Tunica County Housing, Inc., the board has failed to ensure either that a

contract exists or that a signed contract is in force and effect at all times between the county and the housing authority and between the housing authority and Tunica County Housing, Inc.

10. Since February 2015, the board has approved expenditures of \$1.6 million for the county's housing program without supporting documentation showing that the funds were expended as indicated or whether the work was completed at all.
11. Since October 1, 2014, approximately 41% of total housing program expenditures have been for administrative expenses. This level of administrative expenses is considered to be above average by charity watchdog groups.

PEER Committee's Major Recommendations

1. The Tunica County Board of Supervisors should:
 - Annually adopt and abide by a budget in which anticipated revenues exceed budgeted expenditures.
 - Develop and implement a plan to address the current negative balance of the county's general fund and return it to a positive balance.
 - Reconsider the current practice of supporting county-owned facilities.
 - Use the funds of the general road fund exclusively for the construction, upkeep, and maintenance of the county's roads and bridges.
 - Adopt and enforce policies and procedures that strengthen the county's internal controls.
 - Adopt a resolution memorializing the Legislature to amend *Chapter 920, Local and Private Laws of 2004*, to provide that the county's share of gaming funds be deposited to the county's general fund subject to a 3 year repealer.
 - Take steps to ensure compliance with all open meeting laws.
 - Take steps to ensure compliance with all laws and regulations for the approval of the county's budget and assessment of property taxes.
2. The Tax Collector's office should take steps to ensure that all property assessments and collections for property taxes are conducted in accordance with applicable state laws.
3. Concerning the county's housing program, the Tunica County Board of Supervisors should ensure:
 - Appropriate supporting documentation is received and placed in the county's accounting records for all expenditures of the housing program.
 - A properly executed contract, signed by all involved parties, is in effect at all times for the county's housing program.
 - Expenditures are used only for the purposes of administering or operating the program or paying housing grants awarded through the program.



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A copy of the full report is available at: www.peer.ms.gov.