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Chuck Cariker
Mayor

Town of Tunica

Board of Aldermen

Celia J. Boren
Town Clerk

***P. O. Box 395
909 River Road
Tunica, Mississippi 38676
(662) 363-2432***

*Jack Graves
Brad Beach
Eloise Carson
Brooks Taylor
Marie A. Nickson*

February 5, 2015

Office of the State Auditor
P O Box 956
Jackson, MS 39205-0956

Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit (compilation) of the Town of Tunica, Mississippi, for the fiscal year ended September 30, 2014. In connection with audit (compilation), a separate management letter was written to the town. Enclosed you will find a copy of this management letter along with the audit (compilation) reports.

Sincerely,



Celia Boren, Clerk
Town of Tunica

FEB 12 2015

TOWN OF TUNICA, MISSISSIPPI

**FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED SEPTEMBER 30, 2014

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TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Proprietary Fund:	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Fund Net Position	15
Statement of Cash Flows	16
Fiduciary Fund:	
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	17
Notes to Basic Financial Statements	18-38
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues and Expenditures compared to Budget (non-gaap budget basis) - General Fund (unaudited)	39-40
Note to Budgetary Comparison Schedule - General Fund (Unaudited)	41
COMBINING FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	43
Schedules of Revenues and Expenditures compared to Budget - Non-GAAP Budgetary Basis - Nonmajor Governmental Funds (Unaudited)	44
Schedule of Receipts and Disbursements compared to Budget - Non-GAAP Budgetary Basis - Proprietary Fund (Unaudited)	45
Schedule of Property Taxes (Unaudited)	46
Schedule of Surety Bonds (Unaudited)	47
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 GENERALLY ACCEPTED AUDITING STANDARDS	48

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Germantown, TN 38183-1646

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen
Town of Tunica, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tunica, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tunica, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 39 through 41, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Town of Tunica, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget comparison schedules of nonmajor funds and the proprietary fund, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, budget comparison schedules of nonmajor funds and the proprietary fund and other schedules have 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 them.



Certified Public Accountants

January 6, 2015

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

As management of Town of Tunica, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014, with the fiscal year ended September 30, 2013 for comparative purposes. We encourage readers to consider the information presented here in conjunction with the Town's financial statements which immediately follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government-wide:

The assets of the Town of Tunica exceeded its liabilities at the close of the fiscal year by \$11,643,264 (net position). Of this amount, \$2,597,426 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies. Governmental activities' net position decreased during the year by \$35,539 while business-type activities net position decreased by \$74,883 resulting in a total net position decrease of \$110,422. The decrease in governmental net assets was due primarily to a decrease of \$251,569 in gaming revenues.

Fund Level:

As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,823,199. Of this amount \$2,419,355 is unassigned and available for use within the Town's designation and policies. The remaining balance of \$403,844 was nonspendable, restricted or committed for specific purposes. The governmental fund balance sheet appears on page 10. The proprietary funds reported a total net position of \$3,445,252 consisting of \$3,298,831 invested in capital assets, net of related debt and \$146,421 unrestricted.

Long-term Debt:

The Town's debt payable decreased during the year by \$407,750 to a total of \$2,846,823. The Town acquired no new debt while paying down old debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves,

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported when 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 financial statements include the activities of its component unit, Tunica Main Street, Inc. and separate financial statements have been issued.

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

Notes to the Financial Statements - The notes provide 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 are a required part of the basic financial statements and can be found in the basic financial statements section of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information immediately follows the notes and consists of the budgetary comparison schedule of the general fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information.

Schedules of Revenues and Expenditures compared to Budget for non-major governmental funds, and the proprietary fund, which are not required supplementary information under GASB 34, are presented as additional information following the combining statements. Schedules of property taxes and surety bonds are also presented as additional information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Town of Tunica, assets exceeded liabilities by \$11,643,264 at September 30, 2014.

The largest portion of the Town's net position \$8,676,036 reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$369,802 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$2,597,426 may be used to meet the government's ongoing obligation to citizens and creditors. Total net position of governmental activities decreased by \$110,422 from \$11,753,686 to \$11,643,264.

The following table provides a summary of the Town's net position at September 30:

SUMMARY OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets	\$ 2,925,127	\$ 3,275,149	\$ 265,594	\$ 263,326	\$ 3,190,721	\$ 3,538,475
Capital Assets	<u>5,512,204</u>	<u>5,413,764</u>	<u>6,010,655</u>	<u>6,298,714</u>	<u>11,522,859</u>	<u>11,712,478</u>
Total Assets	<u>8,437,331</u>	<u>8,688,913</u>	<u>6,276,249</u>	<u>6,562,040</u>	<u>14,713,580</u>	<u>15,250,953</u>
Current and Other	169,319	248,649	347,985	330,080	517,304	578,729
Long Term Liabilities	<u>70,000</u>	<u>206,713</u>	<u>2,483,012</u>	<u>2,711,825</u>	<u>2,553,012</u>	<u>2,918,538</u>
Total Liabilities	<u>239,319</u>	<u>455,362</u>	<u>2,830,997</u>	<u>3,041,905</u>	<u>3,070,316</u>	<u>3,497,267</u>
Net Position:						
Net investment						
in capital assets	5,377,204	5,093,459	3,298,832	3,364,446	8,676,036	8,457,905
Restricted	369,802	682,531	--	--	369,802	682,531
Unrestricted	<u>2,451,006</u>	<u>2,457,561</u>	<u>146,420</u>	<u>155,689</u>	<u>2,597,426</u>	<u>2,613,250</u>
Position	<u>\$ 8,198,012</u>	<u>\$ 8,233,551</u>	<u>\$ 3,445,252</u>	<u>\$ 3,520,135</u>	<u>\$ 11,643,264</u>	<u>\$ 11,753,686</u>

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

The following table provides a summary of the Town's changes in net position for year ended September 30:

SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	\$ 4,450	\$ 1,449	\$ 835,632	\$ 799,951	\$ 840,082	\$ 801,400
Licenses and permits	6,256	8,188	--	--	6,256	8,188
Police fines	103,165	58,849	--	--	103,165	58,849
Rent	122,254	122,255	--	--	122,254	122,255
Contributions and grants	107,282	67,032	70,597	696,444	177,879	763,476
Total Program Revenues	343,407	257,773	906,229	1,496,395	1,249,636	1,754,168
General Revenues:						
Gaming taxes	2,080,008	2,331,577	--	--	2,080,008	2,331,577
Sales tax	545,584	511,407	--	--	545,584	511,407
Franchise taxes	62,442	56,122	--	--	62,442	56,122
Gasoline taxes	2,881	2,881	--	--	2,881	2,881
Liquor taxes	3,600	2,475	--	--	3,600	2,475
Nuclear plant	14,977	17,903	--	--	14,977	17,903
Gain on disposition of assets	29,896				29,896	
Miscellaneous	514	(4,454)	--	--	514	(4,454)
Interest	8,825	12,099	334	546	9,159	12,645
Total General Revenues	2,748,727	2,930,010	334	546	2,749,061	2,930,556
Total Revenues	3,092,134	3,187,783	906,563	1,496,941	3,998,697	4,684,724
Expenses:						
Municipal court	126,658	109,538	--	--	126,658	109,538
Administrative	462,286	606,444	--	--	462,286	606,444
Municipal complex	39,794	37,275	--	--	39,794	37,275
Shop maintenance	95,911	99,271	--	--	95,911	99,271
Police department	808,358	860,492	--	--	808,358	860,492
Fire department	198,153	157,270	--	--	198,153	157,270
Parks and recreation	114,581	114,677	--	--	114,581	114,677
Streets	611,978	662,304	--	--	611,978	662,304
Special projects	67,600	43,600	--	--	67,600	43,600
Main Street	86,041	190,652	--	--	86,041	190,652
Urban Renewal	80,161	75,231	--	--	80,161	75,231
Interest expense	12,929	22,767	77,220	78,595	90,149	101,362
Water, Sewer and Sanitation	--	--	1,327,449	1,182,465	1,327,449	1,182,465
Total Expenses	2,704,450	2,979,521	1,404,669	1,261,060	4,109,119	4,240,581
Increase (decrease) before transfers	387,684	208,262	(498,106)	235,881	(110,422)	444,143
Transfers	(423,223)	(376,284)	423,223	376,284	--	--
Change in Net Position	(35,539)	(168,022)	(74,883)	612,165	(110,422)	444,143
Net Position, Beginning	8,233,551	8,401,573	3,520,135	2,907,970	11,753,686	11,309,543
Net Position Ending	\$ 8,198,012	\$ 8,233,551	\$ 3,445,252	\$ 3,520,135	\$ 11,643,264	\$ 11,753,686

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

Capital assets acquired by governmental activities during the current fiscal year totaled \$428,620 consisting of a fire truck, while dispositions were \$224,545. The Town disposed of a 1997 fire truck and two motorcycles and recognized a gain of \$29,896. The public utility fund capital assets increased by \$84,017 consisting of a water line, funded in part by grants of \$70,597.

Capital assets of governmental activities are recorded and depreciated in the government-wide financial statements under GASB 34. Accumulated depreciation is recorded based on the date of acquisition and the estimated life span of the asset.

Governmental Activities capital assets for the year ended September 30, 2014 totaled \$10,131,464 with accumulated depreciation of \$4,619,260 leaving a net capital asset balance of \$5,512,204.

Business-type activities capital assets for the year ended September 30, 2014 totaled \$12,498,489 with accumulated depreciation of \$6,487,834 leaving a net capital assets balance of \$6,010,655.

**CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,116,609	\$ 1,116,609	\$ 13,500	\$ 13,500	\$ 1,130,109	\$ 1,130,109
Buildings	2,447,368	2,518,021	--	--	2,447,368	2,518,021
Improvements	624,011	678,117	5,917,394	6,194,833	6,541,405	6,872,950
Machinery and equipmen	860,655	583,944	79,761	90,381	940,416	674,325
Furniture and fixtures	69,042	72,999	--	--	69,042	72,999
Infrastructure	392,550	441,460	--	--	392,550	441,460
Main Street equipment	1,969	2,614	--	--	1,969	2,614
Total	\$ 5,512,204	\$ 5,413,764	\$ 6,010,655	\$ 6,298,714	\$ 11,522,859	\$ 11,712,478

Additional information on the Town of Tunica's capital assets can be found in note 3.C.

DEBT ADMINISTRATION

A General Obligation (GO) bond is a bond that is backed by the full faith and credit of the Town; and although not required usually means that a tax levy will be assessed to repay the debt.

LIMITS ON DEBT

The Town of Tunica is subject to a general statutory debt limitation under which the Town may not incur general obligation bonded indebtedness in an amount, which shall exceed fifteen percent (15%) of the assessed value of the Town's taxable property. Bonds issued for the utility system improvements are not subjected to this limit.

The Town's current fifteen percent (15%) limit is \$1,338,640 at fiscal year ended September 30, 2014. The Town has no general obligation debt.

State law imposes an overall debt limit on municipalities of twenty percent (20%) of the assessed value of taxable property within the Town. At September 30, 2014, the 20% limit for the Town of Tunica was \$1,784,853. The Town's outstanding debt subject to this limit was \$135,000.

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

At the end of the current fiscal year, the Town of Tunica had total debt and notes payable of \$2,846,823. Of this amount, \$135,000 represents bonds secured solely from rental revenue. SRFL loans totaling \$2,711,823 are secured by a pledge of sales tax revenue. The installment note was paid off during the year.

OUTSTANDING DEBT AT YEAR END
BONDS AND NOTES PAYABLE

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue Bonds Payable \$	135,000	\$ 195,000	\$ --	\$ --	\$ 135,000	\$ 195,000
SRFL loans	--	--	2,711,823	2,934,268	2,711,823	2,934,268
Installment note	--	125,305	--	--	--	125,305
Total	\$ 135,000	\$ 320,305	\$ 2,711,823	\$ 2,934,268	\$ 2,846,823	\$ 3,254,573

During the fiscal year, the Town's total debt decreased by \$407,750. See note 3.E. for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Actual budget-basis revenues of the General Fund for 2013-2014 were under budgeted amounts by \$49,581.

In the fiscal year 2014-2015 Budget, General Fund revenues are budgeted to be \$2,877,600 before transfers, a decrease of \$90,244 from the 2013-2014 actual budget-basis revenues of \$2,967,844. Actual budget basis gaming revenues of \$2,124,743 represented 71.59% of budget-basis revenues for 2013-2014. This coming fiscal year, the Town's budget has been based on conservative estimates of gaming, sales and franchise tax receipts. These revenue sources are volatile and subject to changes in the economy. Gaming revenues declined by \$251,569 in 2013-2014 and are budgeted to decline by \$100,000 in 2014-2015. The General Fund has committed \$25,777 in the 2015 budget.

The General Fund budget for 2014-2015 includes \$30,000 in transfers in from the fire protection fund and transfers out of \$25,000 for urban renewal and \$600,000 for the water, sewer and sanitation fund.

Public Utility charges for services are budgeted to be \$844,200 for 2014-2015. This represents an increase of \$8,568 from actual prior year results, which were \$835,632. The Town has elected to set water and sewer rates based on the rates used by Tunica County Utility District. The Public Utility Fund is budgeted to operate at a net deficit of \$622,735 for 2014-2015. The deficit is funded by transfers of gaming revenues and sales tax revenues from the General Fund of \$600,000 and a commitment of \$22,735 of the beginning fund balance. Effective July 1, 2014 the Town implemented a garbage fee.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town of Tunica at P.O. Box 395, Tunica, MS 38676, call (662) 363-2432. For additional information about separately issued financial statements of Tunica Main Street, Inc., contact Tunica Main Street, Inc. at P.O. Box 2654, Tunica, MS 38676, Telephone (662) 363-6611.

TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash	\$ 2,124,370	\$ 74,411	\$ 2,198,781
Receivables (net of allowance for doubtful accounts):			
Franchise taxes	15,787		15,787
Accounts	2,992	126,178	129,170
Accrued interest	1,689	242	1,931
Due from other governments			
Gaming taxes	320,189	--	320,189
Sales taxes	75,382	--	75,382
Fire allocation	964	--	964
Prepayments	583	--	583
Restricted assets:			
Cash	383,171	64,763	447,934
Capital assets (net)	5,512,204	6,010,655	11,522,859
Total Assets	\$ 8,437,331	\$ 6,276,249	\$ 14,713,580
Liabilities:			
Accounts payable	\$ 70,177	\$ 50,630	\$ 120,807
Accrued expenses	27,746	3,781	31,527
Payable from restricted assets:			
Deposits	--	64,763	64,763
Unearned revenue	6,396	--	6,396
Other liabilities:			
Debt due within one year	65,000	228,811	293,811
Debt due in more than one year	70,000	2,483,012	2,553,012
Total Liabilities	\$ 239,319	\$ 2,830,997	\$ 3,070,316
Net Position:			
Net investment in capital assets	\$ 5,377,204	\$ 3,298,832	\$ 8,676,036
Restricted for:			
Urban renewal debt	60,381	--	60,381
Fire equipment	317,103	--	317,103
Unrestricted	2,443,324	146,420	2,589,744
Total Net Position	\$ 8,198,012	\$ 3,445,252	\$ 11,643,264

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Municipal court	\$ 126,658	\$ 103,165	\$ --	\$ --	\$ (23,493)	\$ --	\$ (23,493)
Administrative	462,286	31,003	--	--	(431,283)	--	(431,283)
Municipal Complex	39,794	--	--	--	(39,794)	--	(39,794)
Shop maintenance	95,911	--	--	--	(95,911)	--	(95,911)
Police Department	808,358	--	3,888	--	(804,470)	--	(804,470)
Fire Department	198,153	--	--	--	(198,153)	--	(198,153)
Parks and Recreation	114,581	--	--	--	(114,581)	--	(114,581)
Streets	611,978	--	--	--	(611,978)	--	(611,978)
Special projects	67,600	--	--	--	(67,600)	--	(67,600)
Main Street	86,041	1,210	6,610	--	(78,221)	--	(78,221)
Fire Protection	--	--	48,187	--	96,784	--	96,784
Urban renewal	93,090	100,747	--	--	7,657	--	7,657
Total Governmental Activities	2,704,450	236,125	58,685	48,597	(2,361,043)	--	(2,361,043)
Business-type activities:							
Water, Sewer and Sanitation	1,404,669	835,632	--	70,597	(498,440)		(498,440)
Total Government	\$ 4,109,119	\$ 1,071,757	\$ 58,685	\$ 119,194			(2,859,483)
General Revenues:							
Gaming taxes					2,080,008	--	2,080,008
Sales tax					545,584	--	545,584
Franchise taxes					62,442	--	62,442
Gasoline taxes					2,881	--	2,881
Liquor taxes					3,600	--	3,600
Nuclear plant					14,977	--	14,977
Gain on disposition of capital assets					29,896	--	29,896
Miscellaneous					514	--	514
Interest					8,825	334	9,159
Transfers					(423,223)	423,223	--
Total General Revenues and Transfers					2,325,504	423,557	2,749,061
Change in Net Position					(35,539)	(74,883)	(110,422)
Net Position, Beginning					8,233,551	3,520,135	11,753,686
Net Position, Ending					8,198,012	3,445,252	11,643,264

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Aggregate Remaining Fund Information</u>	<u>Total Governmental Funds</u>
Assets:			
Cash			
Unrestricted	\$ 2,083,155	\$ 41,215	\$ 2,124,370
Restricted	--	383,171	383,171
Receivables			
Franchise fees	15,787	--	15,787
Rent	992	2,000	2,992
Due from other governments			
Gaming taxes	320,189	--	320,189
Sales taxes	75,382	--	75,382
Fire allocation	--	964	964
Prepayments	--	583	583
Total Assets	<u>\$ 2,495,505</u>	<u>\$ 427,933</u>	<u>\$ 2,923,438</u>
Liabilities:			
Accounts payable	\$ 67,451	\$ 2,726	\$ 70,177
Accrued expenses	23,666	--	23,666
Unearned rent	--	6,396	6,396
Total Liabilities	<u>91,117</u>	<u>9,122</u>	<u>100,239</u>
Fund Balances:			
Nonspendable	--	583	583
Restricted:			
Revenue bonds	--	60,381	60,381
Fire equipment	--	317,103	317,103
Committed	25,777	--	25,777
Unassigned:			
General fund	2,378,611	--	2,378,611
Special revenue funds	--	40,744	40,744
Total Fund Balances	<u>2,404,388</u>	<u>418,811</u>	<u>2,823,199</u>
Total Liabilities and Fund Balances	<u>\$ 2,495,505</u>	<u>\$ 427,933</u>	<u>\$ 2,923,438</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total Fund Balance - Total Governmental Funds \$ 2,823,199

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. 5,512,204

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:

Interest receivable 1,689

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:

Due within one year (65,000)
Due in more than one year (70,000)
Accrued interest (4,080)

Net Position of Governmental Activities **\$ 8,198,012**

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Aggregate Remaining Fund Information	Total Governmental Funds
Revenues:			
Licenses and permits	\$ 6,256	\$ --	\$ 6,256
Police fines	103,165	--	103,165
County fire protection millage	--	48,187	48,187
State fire rebate	--	5,613	5,613
County fire rebate	--	42,984	42,984
Gaming taxes	2,080,008	--	2,080,008
Sales tax	545,584	--	545,584
Franchise taxes	62,442	--	62,442
Gasoline taxes	2,881	--	2,881
Liquor taxes	3,600	--	3,600
Grant	3,888	--	3,888
Nuclear plant	14,977	--	14,977
General municipal aid	514	--	514
Sale of equipment	52,350	--	52,350
Contributions	--	6,610	6,610
Fees and other	3,240	1,210	4,450
Rent	21,507	100,747	122,254
Interest	8,332	563	8,895
Total Revenues	<u>2,908,744</u>	<u>205,914</u>	<u>3,114,658</u>
Expenditures:			
Current:			
Municipal Court	126,504	--	126,504
Administrative	458,275	--	458,275
Municipal complex	24,840	--	24,840
Shop maintenance	94,031	--	94,031
Police department	764,551	--	764,551
Fire department	125,703	--	125,703
Parks and recreation	82,194	--	82,194
Streets	507,493	--	507,493
Special projects	67,600	--	67,600
Main Street	--	85,396	85,396
Urban Renewal	--	47,208	47,208
Debt Service:	--	201,836	201,836
Capital outlay	428,620	--	428,620
Total Expenditures	<u>2,679,811</u>	<u>334,440</u>	<u>3,014,251</u>
Excess (Deficiency) of Revenues Over Expenditures	228,933	(128,526)	100,407
Other Financing Sources (Uses):			
Transfers in	403,510	212,169	615,679
Transfers out	(635,392)	(403,510)	(1,038,902)
Total Other Financing Sources (Uses)	<u>(231,882)</u>	<u>(191,341)</u>	<u>(423,223)</u>
Change in Fund Balances	(2,949)	(319,867)	(322,816)
Fund Balance - Beginning	<u>2,407,337</u>	<u>738,678</u>	<u>3,146,015</u>
Fund Balance - Ending	<u>\$ 2,404,388</u>	<u>\$ 418,811</u>	<u>\$ 2,823,199</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (322,816)

Amounts reported for governmental activities in the statement of net activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 428,620

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not required the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds. (307,726)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 185,305

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds. (22,524)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds 3,602

Change in Net Position of Governmental Activities \$ (35,539)

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETY FUND
SEPTEMBER 30, 2014

	Public Utility
Assets:	
Current Assets:	
Cash	\$ 74,411
Receivables	
Accounts	126,178
Interest	242
Total current assets	<u>200,831</u>
Noncurrent assets:	
Restricted cash	64,763
Capital assets (net)	6,010,655
Total noncurrent assets	<u>6,075,418</u>
Total Assets	<u>6,276,249</u>
Liabilities:	
Current liabilities:	
Accounts payable	50,630
Current maturities, long-term debt	228,811
Accrued expenses	3,781
Total current liabilities	<u>283,222</u>
Liabilities payable from restricted assets:	
Meter deposits payable	64,763
Total liabilities payable from restricted assets	<u>64,763</u>
Noncurrent liabilities:	
Long-term debt	2,483,012
Total noncurrent liabilities	<u>2,483,012</u>
Total Liabilities	<u>2,830,997</u>
Net Position:	
Net investment in capital assets	3,298,831
Unrestricted	146,421
Total Net Position	<u>\$ 3,445,252</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2014

	Public Utility
Operating Revenues:	
Charges for services	\$ 835,632
Operating Expenses:	
Personnel	484,657
Supplies	253,760
Services	216,956
Depreciation	372,076
Total operating expenses	<u>1,327,449</u>
Operating (loss)	(491,817)
Non-Operating Revenues (Expenses):	
Interest income	334
Interest expense	<u>(77,220)</u>
Total non-operating revenues (expenses)	<u>(76,886)</u>
Loss before grants and transfers	(568,703)
Grants	70,597
Transfers-In	<u>423,223</u>
Change in Net Position	(74,883)
Net Position - Beginning	<u>3,520,135</u>
Net Position - Ending	<u>\$ 3,445,252</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2014

	Public Utility
Cash Flows from Operating Activities:	
Receipts from customers	\$ 835,403
Payments to suppliers	(448,707)
Payments to employees	(483,282)
Net Cash (Used) by Operating Activities	<u>(96,586)</u>
Cash Flows from Non-Capital Financing Activities:	
Customer meter deposits	(11,847)
Operating subsidies and transfers from other funds	423,223
Net Cash Provided by Non-Capital Financing Activities	<u>411,376</u>
Cash Flows from Capital and Related Financing Activities:	
Grants	70,597
Acquisition of capital assets	(84,017)
Principal paid on capital debt	(222,445)
Interest paid on capital debt	(77,220)
Net Cash (Used) by Capital and Related Financing Activities	<u>(313,085)</u>
Cash Flows from Investing Activities:	
Interest income	514
Net Cash Provided by Investing Activities	<u>514</u>
Net increase in Cash and Cash Equivalents	2,219
Balances - Beginning of the Year	<u>136,955</u>
Balances - End of the Year	<u>\$ 139,174</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) in Operating Activities:	
Operating (loss)	\$ (491,817)
Adjustments to reconcile operating (loss) to net cash (used)	
by operating activities:	
Depreciation expense	372,076
Change in assets and liabilities:	
Receivables, net	(229)
Accounts and other payables	22,009
Accrued expenses	1,375
Net Cash (Used) by Operating Activities	<u>\$ (96,586)</u>
Ending Cash is Presented in the Government-Wide Statement of Net Position as Follows:	
Cash	\$ 74,411
Restricted cash	64,763
	<u>\$ 139,174</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENTS OF FIDUCIARY NET POSITION AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FIDUCIARY NET POSITION AS OF SEPTEMBER 30, 2014

	<u>Agency Fund</u>
Assets:	
Cash	\$ 12,552
Total Assets	<u>\$ 12,552</u>
Liabilities:	
Accounts payable	\$ --
Total Liabilities	<u>\$ --</u>
Net Position:	
Held in trust for employees unemployment	\$ 12,552
Total Net Position	<u>\$ 12,552</u>

**CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2014**

Additions:	
Investment Income:	
Interest	\$ 19
Contribution from Town of Tunica	--
Change in Net Position	<u>19</u>
Net Position - Beginning of Year	<u>12,533</u>
Net Position - End of Year	<u>\$ 12,552</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Tunica, Mississippi ("Town") was incorporated in 1887. The Town operates under a Mayor - Board of Alderman form of government and provides the following services as authorized by its charter: Public Safety - Police and Fire, Highways and Streets, Sanitation, Water and Sewer Services, Health and Social Services, Culture-Recreation, Public Improvement, Planning and Zoning, and General Administrative Services.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1. A. REPORTING ENTITY

The Town's financial reporting entity comprises the following:

Primary Government:	Town of Tunica
Blended Component Unit:	Tunica Main Street, Inc.

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Town appointed a voting majority of the units' board; the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Board or the component unit provides services entirely to the Town. These component units' funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation.

Tunica Main Street, Inc. (a Mississippi non-profit corporation) exempt from federal income taxes under section 501 (c) (4) of the Internal Revenue Code is a component unit of the Town of Tunica. The Mayor and Board of Aldermen of the Town serve as the Executive Board of Tunica Main Street, Inc. and the Town is responsible for funding. Tunica Main Street, Inc. is reported as a special revenue fund. Separate financial statements of Tunica Main Street, Inc. can be obtained at P.O. Box 2654, Tunica, MS 38676, telephone (662) 363-6611.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1. B. BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Fund

Enterprise Fund

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are generally financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Fund

The Fiduciary Fund is used to account for the employment security funds.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1. B. BASIS FINANCIAL STATEMENTS (continued)

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Funds:

General Funds: See above for description.

Proprietary Fund:

Public Utility Accounts for activities of the public utility in providing water, wastewater, and sanitation services to the public.

Nonmajor Funds:

Special Revenue Funds:

Fire Protection Accounts for fire protection allocations from Tunica County and the State of Mississippi, which are restricted to the acquisition of fire fighting equipment.

Urban Renewal Accounts for rental revenues from urban renewal projects, which are restricted to payment of revenue bonds.

Tunica Main Street, Inc. Accounts for funds of the blended component unit, which are restricted to the development of the downtown area.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial positions, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available."

Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

Interfund Receivables and Payables

During the course of operations, numerous transfers occur between individual funds that may result in amounts owed between funds. Short-term interfund receivables and payables are reported as internal balances. Internal balances between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.F. for details of interfund transfers, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, and gaming taxes. Business-type activities report uncollected utilities billings as their major receivables.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gaming tax, sales tax, franchise tax, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest earnings are recorded when earned. Proprietary fund accounts receivable consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the proprietary fund receivables. No allowance for uncollectible accounts receivable is considered necessary in the fund financial statements or the government-wide financial statements.

Capital Assets

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Equipment with a value of \$500 and over are capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and salvage value percentages by type of asset are as follows:

	<u>Useful Life</u>	<u>Salvage Value</u>
Buildings	40	20%
Improvements	40	20%
Utility System	20-40	--
Infrastructure	20	30%
Computer Equipment	3	1%
Furniture & Fixtures	7	10%
Movable Equipment	5	10%
Cars & Trucks	5	10%
Heavy Equipment	10	10%

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operation are accounted for the same as in government-wide statements.

The Town capitalized net interest costs and interest earned as a part of the cost of construction when material.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. In governmental funds, the Town's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

Restricted assets include cash of the proprietary fund that is legally restricted meter deposits, fire protection allocations and insurance rebates, and urban renewal revenues.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is the government-wide statements.

Equity Classifications

Government-wide and Proprietary Fund Net Positions

Government-wide and Proprietary fund net positions are divided into three components:

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net positions - Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net positions - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Governmental Fund Balances

In the Governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained in tact.
- b. Restricted - Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

In the Governmental Fund Financial Statements, Fund Balances are classified as follows: (continued)

- c. Committed - Amounts that can be used only for specific purposes determined by a formal action by Town Board ordinance or resolution. This included the Budget Reserve Account.
- d. Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by Town Board.
- e. Unassigned - All amounts not included in other spendable classifications.

The Town's policy regarding expenditures of unrestricted funds is to consider committed funds used first, assigned funds next, and unassigned funds last.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Gaming Tax

Tunica County assesses a monthly fee of 3.2% of gross gaming revenues in the County. Of this amount, 10% is allocated to the Town of Tunica. Gaming taxes are collected by the State on a weekly basis and remitted to the County monthly. Taxes collected by the State representing gross revenues for August and September and received by the Town in October and November have been accrued and are included under the caption "Due from other governments".

Sales Tax

The Town presently receives an 18% allocation of the 7% sales tax collected within the Town. The sales tax is collected by the Mississippi Department of Revenue and remitted to the Town in the month following receipt by the Mississippi Department of Revenue. The Mississippi Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in September and October (which represent sales taxes for August and September) and received by the Town in October and November have been accrued and are included under the caption "Due from other governments".

The Town has three outstanding state revolving fund loans which are payable monthly in the total amount \$24,972. This amount is deducted from the Town's sales tax collected and applied to the loans of the Public Utility. The balance collected is used in General Fund operations.

Property Tax

Property taxes attach as an enforceable lien on property as of February 1. Taxes are levied annually on October 1 and are due by February 1 of the following year. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. The Town set the millage rate at zero and levied no property taxes for the year beginning October 1, 2013.

Program Revenues

Program revenues include fines levied by the municipal court, building permits, tower rental and event fees for main street activities. The urban renewal fund receives rental income.

Operating Revenues and Expenses

Operating revenues and expenses of the Proprietary Fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

1.E. REVENUES, EXPENDITURES AND EXPENSES (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds-By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund-By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

<u>Fund</u>	<u>Required by</u>
Fire Protection	State Law
Urban Renewal Fund	State Law
Fiduciary Fund	State Law
Public Utility	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral permitted by Mississippi Code 27-105-5. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Mississippi or political subdivision debt obligations, or surety bonds.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS (continued)

Investments of the Town are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Mississippi is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator and in obligation of national mortgage associations.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items a., b., c., and d.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended September 30, 2014, The Town complied, in all material respects, with these investment restrictions.

2.C. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Resource Source</u>	<u>Legal Restrictions of Use</u>
Fire Protection Rebate	Fire Fighting Equipment
Rent from Post Office	Payment of Revenue Bond-Principal and Interest
Water and Sewer Revenues	Utility Operations

For the year ended September 30, 2014, the Town complied, in all material respects, with these revenue restrictions.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

General obligation (GO) bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Town. GO bonds are usually paid from taxes levied at the rate required to pay interest and principal on the debt. The Town had no GO bond obligation at September 30, 2014.

Revenue Bonds

Revenue bonds constituted special obligations of the Town solely secured by a lien on the pledge of revenues. The Town's revenue bonds obligation consists of urban renewal bonds series 1996, payable from income derived from the rental of the post office building. The rental payments are not sufficient to meet this obligation.

State Revolving Fund Loans (SRFL)

The Town has three (SRFL) loans which were for the purpose of funding water and sewer improvement projects. These loans are special obligations of the Town secured by a special pledge of the Town's sales tax revenues.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title II, Section 17-211, of the Mississippi Statutes prohibits the creation of a deficit fund balance in an individual fund. The Town complied with this statute in all material respects for the year ended September 30, 2014.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES OF TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

NOTE 3. A. CASH

Deposits

At September 30, 2014, the carrying amount (recorded on the Town's books) of the Town's demand and time deposits was \$2,604,806 and the bank balance was \$2,650,046.

The collateral for public entities' deposits in financial institutions are now 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 Mississippi Code Ann. (1972). Under this program, the Town'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 these 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 Depository Insurance Corporation. Public funds reported by the Town's depositories totaled \$2,650,046 at September 30, 2014.

Deposits of the Town of Tunica as of September 30, 2014 are summarized as follows:

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Carrying Value</u>
Demand deposits	\$ 218,839	\$ 173,600
Time deposits	<u>2,431,207</u>	<u>2,431,206</u>
Total Deposits	<u>\$2,650,046</u>	2,604,806
Cash on hand		694
Main Street Funds (insured)		<u>41,215</u>
Total		<u>\$2,646,715</u>
Reconciliation to Government-wide Statement of Net Position:		
Unrestricted cash, including time deposits		2,198,781
Restricted cash, including time deposits		<u>447,934</u>
		<u>\$2,646,715</u>

Restricted cash is as follows:

Public Utility Meter Deposits	\$ 64,763
Fire Protection	316,139
Urban Renewal Revenue Bonds	<u>67,032</u>
	<u>\$ 447,934</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.B. ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Public Utility</u>	<u>Memorandum Only</u>
Other receivables:				
Franchise taxes receivable	\$ 15,787	\$ --	\$ --	\$ 15,787
Accrued interest	1,689	--	242	1,931
Customers	992	2,000	126,178	129,170
Due from other governments:				
Gaming revenue	320,189	--	--	320,189
Sales taxes	75,382	--	--	75,382
Fire allocation	--	964	--	964
	<u>\$ 414,039</u>	<u>\$ 2,964</u>	<u>\$ 126,420</u>	<u>\$ 543,423</u>

The Town considers all receivables fully collectible and no allowance for possible loss necessary.

3.C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Assets:				
Capital assets not being depreciated:				
Land	\$ 1,116,609	\$ --	\$ --	\$ 1,116,609
Other capital assets:				
Buildings	3,532,649	--	--	3,532,649
Improvements	1,352,669	--	--	1,352,669
Machinery and equipment	2,344,676	428,620	224,545	2,548,751
Furniture and fixtures	576,744	--	--	576,744
Infrastructure	978,215	--	--	978,215
Main Street - equipment	25,827	--	--	25,827
Total other capital assets at historical cost	<u>8,810,780</u>	<u>428,620</u>	<u>224,545</u>	<u>9,014,855</u>
Less accumulated depreciation for:				
Buildings	(1,014,628)	(70,653)	--	(1,085,281)
Improvements	(674,552)	(54,106)	--	(728,658)
Machinery and equipment	(1,760,732)	(129,455)	202,091	(1,688,096)
Furniture and fixtures	(503,745)	(3,957)	--	(507,702)
Infrastructure	(536,755)	(48,910)	--	(585,665)
Main Street - equipment	(23,213)	(645)	--	(23,858)
Total accumulated depreciation	<u>(4,513,625)</u>	<u>(307,726)</u>	<u>202,091</u>	<u>(4,619,260)</u>
Other Capital Assets, Net	<u>4,297,155</u>	<u>120,894</u>	<u>(22,454)</u>	<u>4,395,595</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,413,764</u>	<u>\$ 120,894</u>	<u>\$ (22,454)</u>	<u>\$ 5,512,204</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.C. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Municipal court	\$ 154
Administrative	4,011
Municipal complex	14,954
Shop maintenance	1,880
Police department	43,807
Fire department	72,450
Parks and recreation	32,387
Streets	104,485
Urban Renewal	32,953
Main Street	645
Total Depreciation Expense	<u>\$ 307,726</u>

BUSINESS-TYPE ACTIVITIES:

Capital Assets Not Being Depreciated:

Land	\$ 13,500	\$ --	\$ --	\$ 13,500
Total Assets not being Depreciated	<u>13,500</u>	<u>--</u>	<u>--</u>	<u>13,500</u>

Other Capital Assets:

Water and sewer systems	11,905,545	84,017	--	11,989,562
Machinery and equipment	160,503	--	--	160,503
Vehicles	334,924	--	--	334,924
Total Other Capital Assets	<u>12,400,972</u>	<u>84,017</u>	<u>--</u>	<u>12,484,989</u>

Less Accumulated Depreciation for:

Water and sewer systems	(5,710,712)	(361,456)	--	(6,072,168)
Machinery and equipment	(145,140)	(875)	--	(146,015)
Vehicles	(259,906)	(9,745)	--	(269,651)
Total Accumulated Depreciation	<u>(6,115,758)</u>	<u>(372,076)</u>	<u>--</u>	<u>(6,487,834)</u>

Other Capital Assets, Net

6,285,214	(288,059)	--	5,997,155
-----------	-----------	----	-----------

Business-Type Capital Assets, Net

<u>\$ 6,298,714</u>	<u>\$ (288,059)</u>	<u>\$ --</u>	<u>\$ 6,010,655</u>
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CONSTRUCTION:

The Town completed construction of a water line at a total cost of \$84,017 funded in part by grants totaling \$70,597. The Town contributed labor in the amount of \$12,075 and other cost of \$1,345.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Payables in the General Fund, Nonmajor Governmental Funds and Proprietary Fund are composed of payables to vendors for goods and services. Accrued expenses of Governmental activities include accrued interest in the amount of \$4,080, payable from restricted funds.

3.E. LONG -TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. The general fund and the urban renewal fund have been used in prior years to liquidate long-term debt of governmental funds.

Governmental Activities:

The following is a summary of changes in governmental long-term debt for the year ended September 30, 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Long-Term Debt:					
Revenue Bonds -					
Urban Renewal Bond Series 1996 due in annual installments of \$65,000 and \$70,000 on October 24, 2014 and 2015, respectively with interest at 7.0%, proceeds used to fund construction of a post office, payable solely from rental revenue.	\$ 195,000	\$ --	\$ 60,000	\$ 135,000	\$ 65,000
Note payable to Citizens Bank in quarterly installments of \$14,980 including interest at 6%, maturing October 5, 2015, proceeds used to refinance the 2002 GOURT bond on October 1, 2010, secured by urban renewal property.					
Paid in full in the current year.	125,305	--	125,305	--	--
Total General Long-Term Debt	\$ 320,305	\$ --	\$ 185,305	\$ 135,000	\$ 65,000

Total interest expense on general long-term debt in the amount of \$12,929 is included in urban renewal expenses.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 31, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. LONG -TERM DEBT (continued)

Business-Type Activities:

The following is a summary of changes in business-type long-term debt for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Amended loan award dated November 16, 2001, to fund sewer rehabilitation project, payable in monthly installments of \$12,897 including interest at 3% by withholding of sales tax, through September 2021.	\$ 1,099,551	\$ --	\$ 123,470	\$ 976,081	\$ 127,227
Amended loan award dated April 18, 2008, to fund Wastewater collection sewer rehabilitation project, payable in monthly installments of \$9,918 including interest at 2.75% by withholding of sales tax, through February 14, 2028.	1,415,188	--	81,116	1,334,072	83,374
Mississippi Department of Health Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) loan amended loan agreement August 29, 2012 payable in monthly installments of \$2,157 including interest at 1.95%, by withholding of sales tax, through March, 2033	419,529	--	17,859	401,670	18,210
Total Enterprise Fund Debt	\$ 2,934,268	\$ --	\$ 222,445	\$ 2,711,823	\$ 228,811

Total Enterprise Fund debt interest in the amount of \$77,220 has been expensed.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. LONG-TERM DEBT: (continued)

The following is a summary of the annual debt service requirements to maturity, including principal and interest, for governmental activities, general long-term debt as of September 30, 2014:

Fiscal Year Ending September 30	1996 Urban Renewal Bonds	Interest	Principal
2015	\$ 72,175	\$ 7,175	\$ 65,000
2016	<u>72,450</u>	<u>2,450</u>	<u>70,000</u>
Total	144,625		
Less interest	9,625	\$ 9,625	
Principal	<u>\$ 135,000</u>		<u>\$ 135,000</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)
3.E. LONG-TERM DEBT: (continued)

The following is a summary of the annual debt service requirements to maturity, including principal and interest, for business-type activities of the Public Utility Fund for the year ended September 30, 2014:

Fiscal Year Ending September 30	State Revolving Fund Loans			2011	Total	Interest	Principal
	2001	2008					
2015	\$ 154,767	\$ 119,016	\$	25,881	\$ 299,664	\$ 70,853	\$ 228,811
2016	154,767	119,016		25,881	299,664	64,304	235,360
2017	154,767	119,016		25,881	299,664	57,565	242,099
2018	154,767	119,016		25,881	299,664	50,631	249,033
2019	154,767	119,016		25,881	299,664	43,496	256,168
2020	154,767	119,016		25,881	299,664	36,155	263,509
2021	154,767	119,016		25,881	299,664	28,601	271,063
2022	--	119,016		25,881	144,897	22,975	121,922
2023	--	119,016		25,881	144,897	19,750	125,147
2024	--	119,016		25,881	144,897	16,439	128,458
2025	--	119,016		25,881	144,897	13,038	131,859
2026	--	119,016		25,881	144,897	9,547	135,350
2027	--	119,016		25,881	144,897	5,962	138,935
2028	--	49,581		25,881	75,462	2,760	72,702
2029	--	--		25,881	25,881	1,959	23,922
2030	--	--		25,881	25,881	1,489	24,392
2031	--	--		25,881	25,881	1,009	24,872
2032	--	--		25,881	25,881	520	25,361
2033	--	--		12,933	12,933	73	12,860
Total	1,083,369	1,596,789		478,791	\$ 3,158,949		
Less interest	107,288	262,717		77,121		\$ 447,126	
Principal	\$ 976,081	\$ 1,334,072		\$ 401,670		\$	\$ 2,711,823

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

3.E. NOTE LONG-TERM DEBT (continued)

3.F. INTERFUND TRANSFERS AND BALANCES

Operating Transfers

	Transfers In	Transfers Out	Internal Balance
General Fund:			
Enterprise	\$ 403,510	\$ 423,223	\$ --
Nonmajor Governmental	--	212,169	--
Total General Fund	<u>403,510</u>	<u>635,392</u>	<u>--</u>
Total Nonmajor Funds			
General	212,169	403,510	--
Total Governmental Funds	<u>212,169</u>	<u>403,510</u>	<u>--</u>
Enterprise Fund:			
General	423,223	--	--
Total Enterprise Fund	<u>423,223</u>	<u>--</u>	<u>--</u>
Grand Totals	\$ 1,038,902	\$ 1,038,902	\$ --

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

3.G. FUND EQUITY

Restricted Fund Equity

Reservation of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not available for future expenditures' specific reservations.

Restricted Net Positions

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

Activity	Restricted by	Amount
Revenue Bonds	Law	\$ 60,381
Fire Protection	Law	317,103
Total Restricted Net Positions for Other Purposes		<u>\$ 377,484</u>

Committed Fund Equity

Committed funds in the amount of \$25,777 represent the amount committed to the general fund budget for the year ending September 30, 2015.

Interest expense of governmental fund debt in the amount of \$12,929 is included in urban renewal expenses in the government-wide statement of activities.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

Plan Description

The Town of Tunica contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1(800) 444-PERS.

Funding Policy

PERS members are required to contribute 9% of their annual covered salary and the Town of Tunica is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Tunica's contributions to PERS for the years ending September 30, 2014, 2013, and 2012 were \$206,598, \$206,673, and \$187,132, respectively, equal to the required contributions for each year.

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Town funds all amounts of compensation deferred under the Plan, at the direction of the covered employee through the Public Employee's Retirement System of Mississippi, in accordance with House Bill No. 350, Chapter 399, Laws of 1973.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4. OTHER NOTES

4.B COMMITMENTS

Operating Lease Revenue Agreements

The Town leases out certain urban renewal and other property under terms as follows:

Property	Lease Term From - To	Current Rent	Future Rent
Post Office Building	04/02/1997 - 04/01/2017	\$ 76,747	\$ 191,868
(Renewal option \$12,986 per yr.)	04/01/2017 - 04/01/2022	--	--
(Renewal option \$16,233 per yr.)	04/01/2022 - 04/01/2027	--	--
Grocery Store (\$1,500 per mo.)	on a month-to-month basis	18,000	--
Deli (\$500 per mo.)	on a month-to-month basis	6,000	--
Tower Space (\$992.25 per mo.) (AT&T)	04/01/2011 - 03/31/2016	11,907	17,861
Tower Space (\$800 per mo.) (CSPIRE)	02/18/2010 - 02/17/2015	9,600	3,200
		<u>\$ 122,254</u>	<u>\$ 212,929</u>

Minimum future rentals are \$212,929 collectible annually as follows:

Year Ending September 30	Minimum Future Rentals
2014	\$ 91,854
2015	82,701
2016	38,374
	<u>\$ 212,929</u>

Leased assets have a total cost basis of \$1,887,879 and a total net book value of \$1,147,563 at September 30, 2014. Depreciation expense on the assets was \$32,954 for the year ended September 30, 2014.

Lease Cost Agreements

The Town is obligated under certain operating lease agreements summarized as follows:

Property	Department	Lease Term From - To	Current Rent
Parking Lot	Shop	07/19/2014 - 07/19/2015	\$ 3,600
Parking Lot	Parks	05/01/2014 - 04/30/2015	2,400
Town Total			<u>\$ 6,000</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4. OTHER NOTES

4.C. STATEMENT OF CASH FLOWS

For the purposes of the Statement of Cash Flows, the Public Utility Fund considers cash on hand and in banks and certificates of deposits to be cash equivalents.

4.D. COMPENSATED ABSENCES

Full-time permanent employees are granted vacation benefits of two weeks after one year of service. Sick leave accrues to full-time permanent employees at one day a month. Vacation and sick leave must be taken. No liability has been accrued because the amount cannot be estimated.

4.E. ADVERTISING

The Town expenses advertising costs when incurred.

4.F. RISK MANAGEMENT

The Town is exposed to various risks of loss for which the Town carries commercial insurance. Coverage's include general liability, public officials, law enforcement, automobile, property, crime, inland marine, worker's compensation and employee health insurance. All Town officials and employees in a position of trust are bonded. Claims have not exceeded coverage in any of three preceding years, with no reductions in coverage.

4.G. LITIGATION

The Town was served with a complaint from Tunica County on or about November 12, 2014. The suit seeks injunctive relief to allow the county to end payment of gaming revenue to the Town per the local and private legislation, which provides that the Town receive ten percent of the monthly gaming revenue. The suit contests the constitutionality of the law and does not seek any money damages. The Town has filed a response and a memorandum of law in support thereof. The Town intends to contest the case vigorously. We expect the Attorney General to join us in defense of the suit, as it contests the validity of a statute. We anticipate a favorable outcome.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGET BASIS)
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final	Budget Basis	
Revenues:				
Licenses and permits	\$ 6,300	\$ 6,300	\$ 6,256	\$ (44)
Police fines	52,000	97,000	103,165	6,165
Gaming taxes	2,250,000	2,250,000	2,124,743	(125,257)
Sales tax	490,000	510,000	561,785	51,785
Franchise taxes	54,500	60,500	61,598	1,098
Gasoline taxes	4,000	4,000	2,881	(1,119)
Liquor taxes	3,000	3,000	3,600	600
Nuclear plant	18,800	15,000	14,977	(23)
Grant	--	3,316	3,888	572
General municipal aid	--	--	514	514
Sale of equipment	--	--	52,350	52,350
Miscellaneous	1,000	1,000	3,240	2,240
Rent	20,700	20,700	20,515	(185)
Interest	8,000	8,000	8,332	332
Total Revenues	2,908,300	2,978,816	2,967,844	(10,972)
Transfers in -Fire	430,000	430,000	403,510	(26,490)
Transfers out - Urban renewal	(60,000)	(142,900)	(141,796)	1,104
Transfers out-Water	(410,000)	(410,000)	(423,223)	(13,223)
Total Revenues and Transfers	2,868,300	2,855,916	2,806,335	(49,581)
Beginning balance	2,061,356	2,061,356	2,407,945	346,589
Total From All Sources	\$ 4,929,656	\$ 4,917,272	\$ 5,214,280	\$ 297,008
Expenditures:				
Municipal Court:				
Personnel	\$ 83,631	\$ 83,381	\$ 80,943	\$ (2,438)
Supplies	3,500	4,100	4,438	338
Services	20,200	36,900	41,123	4,223
Capital outlay	--	2,400	--	(2,400)
	<u>107,331</u>	<u>126,781</u>	<u>126,504</u>	<u>(277)</u>
Administrative:				
Personnel	531,632	401,811	362,545	(39,266)
Supplies	24,000	24,000	12,170	(11,830)
Services	103,700	112,900	83,560	(29,340)
	<u>659,332</u>	<u>538,711</u>	<u>458,275</u>	<u>(80,436)</u>
Municipal Complex:				
Supplies	1,500	1,500	76	(1,424)
Services	29,600	29,600	24,764	(4,836)
	<u>31,100</u>	<u>31,100</u>	<u>24,840</u>	<u>(6,260)</u>
Shop Maintenance:				
Personnel	49,546	49,231	46,167	(3,064)
Supplies	36,000	36,000	31,155	(4,845)
Services	16,800	16,800	16,709	(91)
	<u>102,346</u>	<u>102,031</u>	<u>94,031</u>	<u>(8,000)</u>

See independent auditor's report and accompanying note to budgetary comparison schedule.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Over
				(Under)
Expenditures: (continued)				
Police Department:				
Personnel	\$ 633,304	\$ 630,384	\$ 621,880	\$ (8,504)
Supplies	83,000	90,000	63,514	(26,486)
Services	97,900	99,900	79,157	(20,743)
	<u>814,204</u>	<u>820,284</u>	<u>764,551</u>	<u>(55,733)</u>
Fire Department:				
Personnel	--	--	--	--
Supplies	22,650	22,500	25,913	3,413
Services	102,800	102,950	99,790	(3,160)
Capital outlay	388,500	388,500	428,620	40,120
	<u>513,950</u>	<u>513,950</u>	<u>554,323</u>	<u>40,373</u>
Parks and Recreation:				
Personnel	44,381	44,381	41,792	(2,589)
Supplies	8,600	10,100	9,379	(721)
Services	34,400	35,900	31,023	(4,877)
	<u>87,381</u>	<u>90,381</u>	<u>82,194</u>	<u>(8,187)</u>
Streets:				
Personnel	315,948	314,125	274,527	(39,598)
Supplies	106,500	108,500	86,048	(22,452)
Services	155,350	178,050	146,918	(31,132)
	<u>577,798</u>	<u>600,675</u>	<u>507,493</u>	<u>(93,182)</u>
Special Projects:				
Animal control	3,600	3,600	3,600	--
Chamber of Commerce	--	27,000	27,000	--
Library/House of Grace	40,000	40,000	37,000	(3,000)
	<u>43,600</u>	<u>70,600</u>	<u>67,600</u>	<u>(3,000)</u>
Transfers out:				
Main Street	65,750	42,750	70,373	27,623
	<u>65,750</u>	<u>42,750</u>	<u>70,373</u>	<u>27,623</u>
Total Expenditures	3,002,792	2,937,263	2,750,184	(187,079)
Ending Balance	<u>1,926,864</u>	<u>1,980,009</u>	<u>2,464,096</u>	<u>484,087</u>
Total Expenditures and Ending Balance	<u>\$ 4,929,656</u>	<u>\$ 4,917,272</u>	<u>\$ 5,214,280</u>	<u>\$ 297,008</u>

TOWN OF TUNICA, MISSISSIPPI
NOTE TO BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

NOTE A. Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures - General Fund.

Sources/Inflows of resources

Actual amounts (Budgetary basis) "available for appropriation" from the budgetary comparison schedules. \$ 5,214,280

Adjustments:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for GAAP reporting. (2,407,945)

Revenues for budget basis are reported when received. Revenues collected within 60 days after year end are included in GAAP basis fund revenues. (59,100)

Reclassifications:

Budgetary general fund transfers out reclassified. 161,509

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. \$ 2,908,744

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules. \$ 5,214,280

Adjustments:

The fund balance at the end of the year is a budgetary use but is not a current year expenditure for GAAP reporting. (2,464,096)

Reclassifications:

Budgetary general fund transfers out are reclassified. (70,373)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. \$ 2,679,811

TOWN OF TUNICA, MISSISSIPPI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue			Total
	Tunica Main Street, Inc.	Fire Protection Fund	Urban Renewal Fund	Nonmajor Governmental Funds
Assets:				
Cash				
Unrestricted	\$ 41,215	\$ --	\$ --	\$ 41,215
Restricted	--	316,139	67,032	383,171
Prepayments	583	--	--	583
Due from Tunica County	--	964	--	964
Rent receivable	--	--	2,000	2,000
Total Assets	\$ 41,798	\$ 317,103	\$ 69,032	\$ 427,933
Liabilities:				
Accounts payable	\$ 471	\$ --	\$ 2,255	\$ 2,726
Unearned rent	--	--	6,396	6,396
Total Liabilities	471	--	8,651	9,122
Fund Balances:				
Nonspendable	583	--	--	583
Restricted	--	317,103	60,381	377,484
Unassigned	40,744	--	--	40,744
Total Fund Balances	41,327	317,103	60,381	418,811
Total Liabilities and Fund Balances	\$ 41,798	\$ 317,103	\$ 69,032	\$ 427,933

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			Total
	Tunica Main Street, Inc.	Fire Protection Fund	Urban Renewal Fund	Nonmajor Governmental Funds
Revenues:				
County fire protection millage	\$ --	\$ 48,187	\$ --	\$ 48,187
State fire rebate	--	5,613	--	5,613
County fire rebate	--	42,984	--	42,984
Rent - Post office	--	--	76,747	76,747
Rent - Grocery	--	--	18,000	18,000
Rent - Deli	--	--	6,000	6,000
Interest income	65	436	62	563
Contributions	6,610	--	--	6,610
Fees and other	1,210	--	--	1,210
Total Revenues	<u>7,885</u>	<u>97,220</u>	<u>100,809</u>	<u>205,914</u>
Expenditures:				
Personnel	24,241	--	--	24,241
Supplies	4,395	--	--	4,395
Services	20,090	--	47,208	67,298
Promotion and advertising	35,170	--	--	35,170
Grants	1,500	--	--	1,500
Debt principal	--	--	185,305	185,305
Debt interest	--	--	16,531	16,531
Total Expenditures	<u>85,396</u>	<u>--</u>	<u>249,044</u>	<u>334,440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(77,511)</u>	<u>97,220</u>	<u>(148,235)</u>	<u>(128,526)</u>
Other Financing Sources (uses):				
Transfers in	70,373	--	141,796	212,169
Transfers out	--	(403,510)	--	(403,510)
Total Other Financing Sources (Uses)	<u>70,373</u>	<u>(403,510)</u>	<u>141,796</u>	<u>(191,341)</u>
Change in Fund Balances	(7,138)	(306,290)	(6,439)	(319,867)
Fund Balance - Beginning of Year	<u>48,465</u>	<u>623,393</u>	<u>66,820</u>	<u>738,678</u>
Fund Balance - Ending of Year	<u>\$ 41,327</u>	<u>\$ 317,103</u>	<u>\$ 60,381</u>	<u>\$ 418,811</u>

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

	Tunica Main Street, Inc.		Fire Protection Fund		Urban Renewal Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
County fire protection millage	\$ --	\$ --	\$ 12,000	\$ 48,187	\$ --	\$ --
State fire rebate	--	--	5,300	5,440	--	--
County fire rebate	--	--	30,000	42,984	--	--
State rebate - Training	--	--	175	173	--	--
Rent - Post office	--	--	--	--	76,747	76,747
Rent - Grocery	--	--	--	--	18,000	18,000
Rent - Deli	--	--	--	--	6,000	6,000
Interest income	--	65	60	436	30	62
Contributions	--	6,610	--	--	--	--
Fees and other	--	1,210	--	--	--	--
Transfers in	48,750	70,373	--	--	142,900	141,796
Total Revenues	48,750	78,258	47,535	97,220	243,677	242,605
Beginning balance	48,465	48,465	617,052	623,393	78,077	66,820
Total From All Sources	\$ 97,215	\$ 126,723	\$ 664,587	\$ 720,613	\$ 321,754	\$ 309,425
Expenditures:						
Personnel	\$ --	\$ 24,241	\$ --	\$ --	\$ --	\$ --
Supplies	3,000	4,395	--	--	--	--
Services	12,100	20,090	--	--	53,000	47,208
Promotion and advertising	32,150	35,170	--	--	--	--
Grants	1,500	1,500	--	--	--	--
Capital outlay	--	--	430,000	--	--	--
Debt principal	--	--	--	--	185,338	185,305
Debt interest	--	--	--	--	16,498	16,531
Transfers out	--	--	--	403,510	--	--
Total Expenditures	48,750	85,396	430,000	403,510	254,836	249,044
Ending Balance	48,465	41,327	234,587	317,103	66,918	60,381
Total Expenditures and Ending Balance	\$ 97,215	\$ 126,723	\$ 664,587	\$ 720,613	\$ 321,754	\$ 309,425
Adjustments to reconcile with revenues over (under) expenditures						
Revenues for budget basis are reported when received. Revenues collected within 60 days after year end are included in GAAP basis fund revenues						
	--	--	--	--	--	--
Beginning balance is not revenue		(48,465)		(623,393)		(66,820)
Ending balance is not an expenditure		41,327		317,103		60,381
Revenues over (under) expenditures GAAP basis		<u>\$ (7,138)</u>		<u>\$ (306,290)</u>		<u>\$ (6,439)</u>

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES, TRANSFERS AND EXPENDITURES
COMPARED TO BUDGET NON-GAAP BUDGETARY BASIS
PROPRIETARY FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

	Budget		Actual	Over
	Original	Final	Budget	(Under)
			Basis	
Revenues and Transfers:				
Charges for services				
Water revenues	\$ 370,000	\$ 370,000	\$ 374,007	\$ 4,007
Sewer revenues	375,000	375,000	401,899	26,899
Garbage revenues	--	--	15,475	15,475
Service fees	7,200	8,200	13,251	5,051
Late fees	18,000	20,000	22,005	2,005
GR	--	--	70,597	70,597
Miscellaneous	700	5,200	8,995	3,795
Interest	550	550	334	(216)
Transfers	410,000	410,000	423,223	13,223
Total Revenues and Transfers	1,181,450	1,188,950	1,329,786	140,836
Expenditures:				
Public Health				
Personnel	\$ 90,446	\$ 90,446	\$ 89,576	\$ (870)
Supplies	14,300	38,300	31,855	(6,445)
Services	12,000	17,800	17,395	(405)
	<u>116,746</u>	<u>146,546</u>	<u>138,826</u>	<u>(7,720)</u>
Water:				
Personnel	223,215	336,725	300,767	(35,958)
Supplies	115,000	115,000	93,172	(21,828)
Services	231,220	248,520	158,983	(89,537)
Capital outlay	--	--	84,017	84,017
	<u>569,435</u>	<u>700,245</u>	<u>636,939</u>	<u>(63,306)</u>
Sewer:				
Personnel	96,187	96,187	94,314	(1,873)
Supplies	83,300	133,300	128,733	(4,567)
Services	113,850	63,850	40,578	(23,272)
	<u>293,337</u>	<u>293,337</u>	<u>263,625</u>	<u>(29,712)</u>
Notes payable	220,443	220,443	299,665	79,222
Total Expenditures	1,199,961	1,360,571	1,339,055	(21,516)
Revenues and Transfers over (under) Expenditures	\$ (18,511)	\$ (171,621)	(9,269)	\$ 162,352
Reconciliation with change in net-position:				
Principal paid on notes payable			222,445	
Depreciation			(372,076)	
Capital outlay			84,017	
Change in Net-Position			\$ (74,883)	

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF PROPERTY TAXES (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2014

ASSESSED VALUATION:	<u>Assessed Value</u>	<u>Mills</u>	<u>Tax</u>
City Tax:			
Real Property	\$ 5,839,377	0	\$ 0
Personal Property	1,200,012	0	0
Public Utilities	458,807	0	0
Mobile Homes	1,075	0	0
Motor Vehicles	1,424,994	0	0
Total	<u>\$ 8,924,265</u>	<u>0</u>	<u>\$ 0</u>

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF SURETY BONDS (UNAUDITED)
SEPTEMBER 30, 2014

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Charles M. Cariker	Mayor	RLI Surety	\$ 50,000
John A. Graves, Jr.	Alderman	RLI Surety	\$ 50,000
Eloise B. Carson	Alderman	RLI Surety	\$ 50,000
Brooks Taylor	Alderman	RLI Surety	\$ 50,000
Brad Beach	Alderman	RLI Surety	\$ 50,000
Marie Nickson	Alderman	RLI Surety	\$ 50,000
Celia J. Boren	Town Clerk	RLI Surety	\$ 50,000
Celia J. Boren	Tax Collector	RLI Surety	\$ 50,000
Kate S. Pennock	Deputy Clerk	RLI Surety	\$ 50,000
Kate S. Pennock	Deputy Court Clerk	RLI Surety	\$ 50,000
Charles N. Hailey	Deputy Clerk	Western Surety Company	\$ 50,000
Richard L. Veazey	Chief of Police	RLI Surety	\$ 50,000
Christy Young	Court Clerk	RLI Surety	\$ 50,000
Other Employees	Various	Argonaut Great Central	\$ 50,000

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Certified Public Accountants
152 Timber Creek Drive, Suite 4
Cordova, TN 38018

Mailing address:
P. O. Box 381646
Germantown, TN 38183-1646

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS**

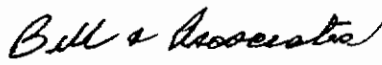
Honorable Mayor and Board of Aldermen
Town of Tunica, Mississippi
Tunica, Mississippi 38676

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Tunica as of and for the year ended September 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Town of Tunica's internal control over financial reporting (internal control) as a basis for designing 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 Town of Tunica's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Tunica'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of the Mayor and Board of Alderman, management, and others with the Town of Tunica, and is not intended to be and should not be, used by anyone other than these specified parties.


Certified Public Accountants

January 6, 2015