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TOWN OF TUNICA, MISSISSIPPI

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

YEAR ENDED SEPTEMBER 30, 2015

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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, 2015, 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, 2015, 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.

McCune & Bell CPAs PLLC

McCune & Bell CPA's, PLLC

February 29, 2016

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

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, 2015, with the fiscal year ended September 30, 2014 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 \$9,517,090 (net position). Of this amount, \$2,680,711 (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 \$2,037,699 while business-type activities net position decreased by \$88,475 resulting in a total net position decrease of \$2,126,174. The decrease in governmental net assets was due primarily to recording a prior period adjustment to net pension liability of \$2,210,512.

Fund Level:

As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,430,105. Of this amount \$3,004,440 is unassigned and available for use within the Town's designation and policies. The remaining ~~\$425,665 is assigned and committed for specific purposes.~~ The governmental fund balance

Chuck Cariker
Mayor

Celia J. Boren
Town Clerk

Town of Tunica

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Board of Aldermen

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

May 9, 2016

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, 2015. In connection with audit (compilation), a separate management letter was written to the

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

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 \$9,517,090 at September 30, 2015.

The largest portion of the Town's net position \$8,625,306 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 \$421,585 represents resources that are subject to external restriction on how they may be used. The negative balance of \$2,210,512 is a result of a prior period adjustment required by implementing GASB 68. The remaining balance of unrestricted net position \$2,680,711 may be used to meet the government's ongoing obligation to citizens and creditors. Total net position of governmental activities decreased by \$2,126,174 from \$11,643,264 to \$9,517,090, primarily due to a prior period adjustment to record net pension liability.

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

SUMMARY OF NET POSITION

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets	\$ 3,596,851	\$ 2,925,127	\$ 266,673	\$ 265,594	\$ 3,797,715	\$ 3,190,721
Capital Assets	5,210,169	5,512,204	5,668,152	6,010,655	10,944,130	11,522,859
Total Assets	8,807,020	8,437,331	5,934,825	6,276,249	14,741,845	14,713,580
Deferred Outflows of of Resources	566,018	--	--	--	566,018	--
Current and Other Liabilities	75,852	169,319	264,583	347,985	340,435	517,304
Long Term Liabilities	3,136,873	70,000	2,313,465	2,483,012	5,450,338	2,553,012
Total Liabilities	3,212,725	239,319	2,578,048	2,830,997	5,790,773	3,070,316
Net Position:						
Net investment						
in capital assets	5,440,169	5,377,204	3,185,137	3,298,832	8,625,306	8,676,036
Net pension liability	(2,210,512)	--	--	--	(2,210,512)	--
Restricted	421,585	369,802	--	--	421,585	369,802
Unrestricted	2,509,071	2,451,006	171,640	146,420	2,680,711	2,597,426
Total Net Position	\$ 6,160,313	\$ 8,198,012	\$ 3,356,777	\$ 3,445,252	\$ 9,517,090	\$ 11,643,264

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TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

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	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for services	\$ 3,711	\$ 4,450	\$ 1,005,669	\$ 835,632	\$ 1,009,380	\$ 840,082
Licenses and permits	7,082	6,256	--	--	7,082	6,256
Police fines	90,249	103,165	--	--	90,249	103,165
Rent	122,974	122,254	--	--	122,974	122,254
Contributions and grants	135,252	107,282	3,397	70,597	138,649	177,879
Total Program Revenues	359,268	343,407	1,009,066	906,229	1,368,334	1,249,636
General Revenues:						
Road and bridge taxes	38,597	--	--	--	38,597	--
Gaming taxes	1,925,979	2,080,008	--	--	1,925,979	2,080,008
Sales tax	519,327	545,584	--	--	519,327	545,584
Franchise taxes	59,599	62,442	--	--	59,599	62,442
Gasoline taxes	3,154	2,881	--	--	3,154	2,881
Liquor taxes	3,825	3,600	--	--	3,825	3,600
Nuclear plant	14,740	14,977	--	--	14,740	14,977
Gain (loss) on disposition of as:	(2,350)	29,896	--	--	(2,350)	29,896
Miscellaneous	10,356	514	--	--	10,356	514
Interest	6,005	8,825	318	334	6,323	9,159
Total General Revenues	2,579,232	2,748,727	318	334	2,579,550	2,749,061
Total Revenues	2,938,500	3,092,134	1,009,384	906,563	3,947,884	3,998,697
Expenses:						
Municipal court	109,723	126,658	--	--	109,723	126,658
Administrative	791,175	462,286	--	--	791,175	462,286
Municipal complex	39,046	39,794	--	--	39,046	39,794
Shop maintenance	82,029	95,911	--	--	82,029	95,911
Police department	709,878	808,358	--	--	709,878	808,358
Fire department	125,777	198,153	--	--	125,777	198,153
Parks and recreation	84,384	114,581	--	--	84,384	114,581
Streets	487,909	611,978	--	--	487,909	611,978
Special projects	5,333	67,600	--	--	5,333	67,600
Main Street	39,558	86,041	--	--	39,558	86,041
Urban Renewal	67,609	80,161	--	--	67,609	80,161
Interest expense	5,065	12,929	70,854	77,220	75,919	90,149
Water, Sewer and Sanitation	--	--	1,245,206	1,327,449	1,245,206	1,327,449
Total Expenses	2,547,486	2,704,450	1,316,060	1,404,669	3,863,546	4,109,119
Increase (decrease)						
before transfers	391,014	387,684	(306,676)	(498,106)	84,338	(110,422)
Transfers	(218,201)	(423,223)	218,201	423,223	--	--
Change in Net Position	172,813	(35,539)	(88,475)	(74,883)	84,338	(110,422)
Prior period adjustment	(2,210,512)	--	--	--	(2,210,512)	--
Net Position, Beginning	8,198,012	8,233,551	3,445,252	3,520,135	11,643,264	11,753,686
Net Position Ending	\$ 6,160,313	\$ 8,198,012	\$ 3,356,777	\$ 3,445,252	\$ 9,517,090	\$ 11,643,264

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

Capital assets acquired by governmental activities during the current fiscal year totaled \$6,353 consisting of 7 police body cameras and 8 I-Pads while dispositions were \$49,506. The Town disposed of a two police cars and recognized a loss of \$2,551. The public utility fund did not have any capital assets additions.

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, 2015 totaled \$10,088,311 with accumulated depreciation of \$4,878,142 leaving a net capital asset balance of \$5,210,169.

Business-type activities capital assets for the year ended September 30, 2015 totaled \$12,484,989 with accumulated depreciation of \$6,830,337 leaving a net capital assets balance of \$5,668,152.

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 \$1,386,561 at fiscal year ended September 30, 2015. 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, 2015, the 20% limit for the Town of Tunica was \$1,848,748. The Town's outstanding debt subject to this limit was \$2,553,105.

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

At the end of the current fiscal year, the Town of Tunica has total debt and notes payable of \$5,619,888. Of this amount, \$70,000 represents bonds secured solely from rental revenue. SRFL loans totaling \$2,996,873 are secured by a pledge of sales tax revenue. The installment note was paid off during the year.

ECONOMIC FACTORS AND NET YEAR'S BUDGET AND RATES

Actual budget-basis revenues of the General Fund for 2014-2015 were under budgeted amounts of \$55,965.

In the fiscal year 2015-2016 Budget, General Fund revenues are budgeted to be \$3,390,366 before transfers, a decrease of \$152,966 from the 2014-2015 actual budget-basis revenues of \$2,593,302. Actual budget basis gaming revenues of \$1,941,140 represented 75% of budget-basis revenues for 2014-2015. 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 \$183,603 in 2014-2015 and are budgeted to decline by \$191,140 in 2015-2016. The General Fund has committed to \$1,750,000 in the 2016 budget.

The General Fund budget for 2015-2016 includes \$30,000 in transfers in from the fire protection fund and transfers out of \$2,000 for urban renewal and \$275,000 for the water, sewer and sanitation fund.

Public Utility charges for services are budgeted to be \$941,000 for 2015-2016. This represents a decrease of \$68,384 from actual prior year results, which were \$1,009,384. The Town of Tunica has elected to set water and sewer rates based on outside study conducted by Mississippi State University Extension Service Center for Government and Community Development. The Public Utility Fund is budgeted to operate at a new deficit of \$49,611 for 2015-2016. The deficit is funded by transfers of gaming revenues and sales tax revenues from the General Fund of \$275,000 and \$139,329 of the beginning fund balance.

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, or call (662) 363-2432.

TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash	\$ 900,897	\$ 28,229	\$ 929,126
Receivables (net of allowance for doubtful accounts):			
Franchise taxes	15,832	--	15,832
Accounts	2,000	172,422	174,422
Accrued interest	145	213	358
Due from other governments:			
Gaming taxes	2,088,430	--	2,088,430
Sales taxes	66,220	--	66,220
Fire allocation	679	--	679
Claim due from Tunica County	92,719	--	92,719
Restricted assets:			
Cash	429,929	65,809	495,738
Capital assets (net)	5,210,169	5,668,152	10,878,321
Total Assets	\$ 8,807,020	\$ 5,934,825	\$ 14,741,845
Deferred Out flows - Pension	566,018	--	566,018
Liabilities:			
Accounts payable	\$ 38,615	\$ 22,354	\$ 60,969
Accrued expenses	30,841	6,870	37,711
Payable from restricted assets:			
Deposits	--	65,809	65,809
Unearned revenue	6,396	--	6,396
Other liabilities:			
Debt due within one year	70,000	235,359	305,359
Debt due in more than one year	--	2,247,656	2,247,656
Net Pension Liability	3,066,873	--	3,066,873
Total Liabilities	\$ 3,212,725	\$ 2,578,048	\$ 5,790,773
Net Position:			
Net investment in capital assets	\$ 5,440,169	\$ 3,185,137	\$ 8,625,306
Restricted for:			
Urban renewal debt	52,266	--	52,266
Fire equipment	369,319	--	369,319
Pension Liability	(2,210,512)	--	(2,210,512)
Unrestricted	2,509,071	171,640	2,680,711
Total Net Position	\$ 6,160,313	\$ 3,356,777	\$ 9,517,090

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

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	\$ 109,723	\$ 90,249	\$ --	\$ --	\$ (19,474)	\$ --	\$ (19,474)
Administrative	791,175	29,309	3,000	--	(758,866)	--	(758,866)
Municipal Complex	39,046	--	--	--	(39,046)	--	(39,046)
Shop maintenance	82,029	--	--	--	(82,029)	--	(82,029)
Police Department	709,878	--	--	--	(709,878)	--	(709,878)
Fire Department	125,777	--	--	50,000	(75,777)	--	(75,777)
Parks and Recreation	84,384	--	--	--	(84,384)	--	(84,384)
Streets	487,909	--	--	--	(487,909)	--	(487,909)
Special projects	5,333	--	--	--	(5,333)	--	(5,333)
Main Street	39,558	3,711	--	--	(35,847)	--	(35,847)
Fire Protection	--	100,747	34,644	47,608	82,252	--	82,252
Urban renewal	72,674	224,016	--	--	28,073	--	28,073
Total Governmental Activities	2,547,486	224,016	37,644	97,608	(2,188,218)	--	(2,188,218)
Business-type activities:							
Water, Sewer and Sanitation	1,316,060	1,005,669	3,397	--	--	(306,994)	(306,994)
Total Government	\$ 3,863,546	\$ 1,229,685	\$ 41,041	\$ 97,608			
General Revenues:							
Road & Bridge taxes					38,597	--	38,597
Gaming taxes					1,925,979	--	1,925,979
Sales tax					519,327	--	519,327
Franchise taxes					59,599	--	59,599
Gasoline taxes					3,154	--	3,154
Liquor taxes					3,825	--	3,825
Nuclear plant					14,740	--	14,740
Gain (loss) on disposition of capital assets					(2,350)	--	(2,350)
Miscellaneous					10,356	--	10,355
Interest					6,005	318	6,323
Transfers					(218,201)	218,201	--
Total General Revenues and Transfers					2,361,031	218,519	2,579,550
Change in Net Position					172,813	(88,475)	84,338
Prior Period Adjustment					(2,210,512)	--	(2,210,512)
Net Position, Beginning - Unadjusted					8,198,012	3,445,252	11,643,264
Net Position, Beginning - Adjusted					5,987,500	--	9,432,752
Net Position, Ending					\$ 6,160,313	\$ 3,356,777	\$ 9,517,090

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Aggregate Remaining Fund Information</u>	<u>Total Governmental Funds</u>
Assets:			
Cash			
Unrestricted	\$ 892,485	\$ 8,412	\$ 900,897
Restricted	--	429,929	429,929
Receivables			
Franchise fees	15,832	--	15,832
Rent	--	2,000	2,000
Due from other governments			
Gaming taxes	2,088,430	--	2,088,430
Sales taxes	66,220	--	66,220
Fire allocation	--	679	679
Total Assets	<u>\$ 3,062,967</u>	<u>\$ 441,020</u>	<u>\$ 3,503,987</u>
Liabilities:			
Accounts payable	\$ 38,068	\$ 547	\$ 38,615
Accrued expenses	28,871	--	28,871
Unearned rent	--	6,396	6,396
Total Liabilities	<u>66,939</u>	<u>6,943</u>	<u>73,882</u>
Fund Balances:			
Nonspendable	--	--	--
Restricted:			
Revenue bonds	--	56,346	56,346
Fire equipment	--	369,319	369,319
Committed	--	--	--
Unassigned:			
General fund	2,996,028	--	2,996,028
Special revenue funds	--	8,412	8,412
Total Fund Balances	<u>2,996,028</u>	<u>434,077</u>	<u>3,430,105</u>
Total Liabilities and Fund Balances	<u>\$ 3,062,967</u>	<u>\$ 441,020</u>	<u>\$ 3,503,987</u>

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TOWN OF TUNICA, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balance - Total Governmental Funds	\$ 3,430,105
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.	5,210,169
Deferred outflows of resources related to pensions are applicable to future periods and, are not reported in the funds.	566,018
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:	
Interest receivable	145
Legal fees due from Tunica County	92,719
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	(70,000)
Net pension liability	(3,066,873)
Accrued interest	<u>(1,970)</u>
Net Position of Governmental Activities	\$ <u>6,160,313</u>

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Aggregate Remaining Fund Information	Total Governmental Funds
Revenues:			
Licenses and permits	\$ 7,082	\$ --	\$ 7,082
Police fines	90,249	--	90,249
County fire protection millage	--	29,644	29,644
State fire rebate	--	5,432	5,432
County fire rebate	--	42,176	42,176
Gaming taxes	1,925,979	--	1,925,979
Sales tax	519,327	--	519,327
Franchise taxes	59,599	--	59,599
Gasoline taxes	3,154	--	3,154
Liquor taxes	3,825	--	3,825
Road and bridge tax	38,597	--	38,597
Grand Gulf	14,740	--	14,740
Grants	53,000	5,000	58,000
General municipal aid	514	--	514
Municipal Court fund	283	--	283
Sale of equipment	2,600	--	2,600
Miscellaneous	9,559	3,711	13,270
Rent	22,227	100,747	122,974
Interest	7,000	549	7,549
Total Revenues	<u>2,757,735</u>	<u>187,259</u>	<u>2,944,994</u>
Expenditures:			
Current:			
Municipal Court	109,582	--	109,582
Administrative	588,807	--	588,807
Municipal complex	24,420	--	24,420
Shop maintenance	80,351	--	80,351
Police department	665,784	--	665,784
Fire department	54,069	--	54,069
Parks and recreation	51,997	--	51,997
Streets	387,330	--	387,330
Special projects	5,333	--	5,333
Main Street	--	39,031	39,031
Urban Renewal	--	34,655	34,655
Debt Service:	--	72,175	72,175
Capital outlay	6,353	--	6,353
Total Expenditures	<u>1,974,026</u>	<u>145,861</u>	<u>2,119,887</u>
Excess (Deficiency) of Revenues Over Expenditures	783,709	41,398	825,107
Other Financing Sources (Uses):			
Transfers in	30,498	4,366	34,864
Transfers out	(222,567)	(30,498)	(253,065)
Total Other Financing Sources (Uses)	<u>(192,069)</u>	<u>(26,132)</u>	<u>(218,201)</u>
Change in Fund Balances	591,640	15,266	606,906
Fund Balance - Beginning	<u>2,404,388</u>	<u>418,811</u>	<u>2,823,199</u>
Fund Balance - Ending	<u>\$ 2,996,028</u>	<u>\$ 434,077</u>	<u>\$ 3,430,105</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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 606,906
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 position, 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.	6,353
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.	(303,437)
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	65,000
Some revenues reported in the governmental funds do not provide current financial resources and, therefore, are not reported as revenues in the statement of activities.	(4,950)
Some expenses reported in the governmental funds do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	93,285
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(290,344)
Change in Net Position of Governmental Activities	\$ <u>172,813</u>

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETY FUND
SEPTEMBER 30, 2015

	Public Utility
Assets:	
Current Assets:	
Cash	\$ 28,229
Receivables	
Accounts	172,422
Interest	213
Total current assets	<u>200,864</u>
Noncurrent assets:	
Restricted cash	65,809
Capital assets (net)	5,668,152
Total noncurrent assets	<u>5,733,961</u>
Total Assets	<u>5,934,825</u>
Liabilities:	
Current liabilities:	
Accounts payable	22,354
Current maturities, long-term debt	235,359
Accrued expenses	6,870
Total current liabilities	<u>264,583</u>
Liabilities payable from restricted assets:	
Meter deposits payable	65,809
Total liabilities payable from restricted assets	<u>65,809</u>
Noncurrent liabilities:	
Long-term debt	2,247,656
Total noncurrent liabilities	<u>2,247,656</u>
Total Liabilities	<u>2,578,048</u>
Net Position:	
Net investment in capital assets	3,185,137
Unrestricted	171,640
Total Net Position	<u>\$ 3,356,777</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, 2015

	Public Utility
Operating Revenues:	
Charges for services	\$ 1,005,669
Operating Expenses:	
Personnel	502,106
Supplies	197,196
Services	203,401
Depreciation	342,503
Total operating expenses	<u>1,245,206</u>
Operating (loss)	(239,537)
Non-Operating Revenues (Expenses):	
Interest income	318
Interest expense	<u>(70,854)</u>
Total non-operating revenues (expenses)	<u>(70,536)</u>
Loss before grants and transfers	(310,073)
Grants	3,397
Transfers-In	<u>218,201</u>
Change in Net Position	(88,475)
Net Position - Beginning	<u>3,445,252</u>
Net Position - Ending	<u>\$ 3,356,777</u>

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2015

	Public Utility
Cash Flows from Operating Activities:	
Receipts from customers	\$ 959,425
Payments to suppliers	(428,873)
Payments to employees	(499,017)
Net Cash Provided by Operating Activities	<u>31,535</u>
Cash Flows from Non-Capital Financing Activities:	
Customer meter deposits	1,046
Operating subsidies and transfers from other funds	218,201
Net Cash Provided by Non-Capital Financing Activities	<u>219,247</u>
Cash Flows from Capital and Related Financing Activities:	
Grants	3,397
Principal paid on capital debt	(228,808)
Interest paid on capital debt	(70,854)
Net Cash (Used) by Capital and Related Financing Activities	<u>(296,265)</u>
Cash Flows from Investing Activities:	
Interest income	347
Net Cash Provided by Investing Activities	<u>347</u>
Net decrease in Cash and Cash Equivalents	(45,136)
Balances - Beginning of the Year	<u>139,174</u>
Balances - End of the Year	<u>\$ 94,038</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) in Operating Activities:	
Operating (loss)	\$ (239,537)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	342,503
Change in assets and liabilities:	
Receivables, net	(46,244)
Accounts and other payables	(28,276)
Accrued expenses	3,089
Net Cash Provided by Operating Activities	<u>\$ 31,535</u>
Ending Cash is Presented in the Government-Wide Statement of Net Position as Follows:	
Cash	\$ 28,229
Restricted cash	65,809
	<u>\$ 94,038</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, 2015

	<u>Agency Fund</u>
Assets:	
Cash	\$ 12,569
Total Assets	<u>\$ 12,569</u>
Liabilities:	
Accounts payable	\$ --
Total Liabilities	<u>\$ --</u>
Net Position:	
Held in trust for employees unemployment	\$ 12,569
Total Net Position	<u>\$ 12,569</u>

CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

Additions:	
Investment Income:	
Interest	\$ 17
Contribution from Town of Tunica	--
Change in Net Position	<u>17</u>
Net Position - Beginning of Year	<u>12,552</u>
Net Position - End of Year	<u>\$ 12,569</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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.

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, 2015

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.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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, 2015

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.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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:

	Useful <u>Life</u>	Salvage <u>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, 2015

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 the 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
- 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, 2015

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 27 mills and levied property taxes for the year beginning October 1, 2014.

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.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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.

1.F. CHANGES IN ACCOUNTING STANDARDS

The Commission implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 68, *Accounting and Financial Reporting for Pensions- An Amendment of GASB Statement No. 27* - The provisions of this standard has been incorporated into the financial statements and notes.

Prior Period Adjustment.

A summary of the significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation:</u>	<u>Amount</u>
Recording beginning balance of net position liability to comply with GASB Statement No. 68	<u>\$2,210,512</u>

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.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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.

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.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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, 2015, the Town complied, in all material respects, with these revenue restrictions.

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, 2015.

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, 2015.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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, 2015, the carrying amount (recorded on the Town's books) of the Town's demand and time deposits was \$1,424,864 and the bank balance was \$1,457,141.

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 \$1,448,729 at September 30, 2015.

Deposits of the Town of Tunica as of September 30, 2015 are summarized as follows:

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Carrying Value</u>
Demand deposits	\$ 150,258	\$ 117,287
Time deposits	<u>1,298,471</u>	<u>1,298,471</u>
Total Public funds	1,448,729	1,415,758
Main Street Funds (insured)	8,412	8,412
Cash on hand	<u>0</u>	<u>694</u>
Total	<u>\$1,457,141</u>	<u>\$1,424,864</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash, including time deposits	939,994
Restricted cash, including time deposits	<u>484,870</u>
	<u>\$1,424,864</u>

Restricted cash is as follows:

Public Utility Meter Deposits	\$65,809
Fire Protection	368,640
Urban Renewal Revenue Bonds	<u>50,421</u>
	<u>\$ 484,870</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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	\$ 15,832	\$ --	\$ --	\$ 15,832
Accrued interest	145	--	213	358
Customers	--	2,000	172,422	174,422
Due from other governments:				
Tunica County:				
Gaming revenue	2,088,430	--	--	2,088,430
Fire allocation	--	679	--	679
Legal fees	92,719	--	--	--
Sales taxes	66,220	--	--	66,220
	<u>\$ 2,263,346</u>	<u>\$ 2,679</u>	<u>\$ 172,635</u>	<u>\$ 2,345,941</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, 2015 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	2,548,751	6,353	49,506	2,505,598
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>9,014,855</u>	<u>6,353</u>	<u>49,506</u>	<u>8,971,702</u>
Less accumulated depreciation for:				
Buildings	(1,085,281)	(70,653)		(1,155,934)
Improvements	(728,658)	(54,107)		(782,765)
Machinery and equipment	(1,688,096)	(125,281)	44,555	(1,768,822)
Furniture and fixtures	(507,702)	(3,958)		(511,660)
Infrastructure	(585,665)	(48,911)		(634,576)
Main Street - equipment	(23,858)	(527)		(24,385)
Total accumulated depreciation	<u>(4,619,260)</u>	<u>(303,437)</u>	<u>44,555</u>	<u>(4,878,142)</u>
Other Capital Assets, Net	<u>4,395,595</u>	<u>(297,084)</u>	<u>(4,951)</u>	<u>4,093,560</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,512,204</u>	<u>\$ (297,084)</u>	<u>\$ (4,951)</u>	<u>\$ 5,210,169</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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	\$ 141
Administrative	4,743
Municipal complex	14,626
Shop maintenance	1,678
Police department	44,094
Fire department	71,708
Parks and recreation	32,387
Streets	100,579
Urban Renewal	32,954
Main Street	527
Total Depreciation Expense	<u>\$ 303,437</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</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	11,989,562	--	--	11,989,562
Machinery and equipment	160,503	--	--	160,503
Vehicles	334,924	--	--	334,924
Total Other Capital Assets	<u>12,484,989</u>	<u>--</u>	<u>--</u>	<u>12,484,989</u>
Less Accumulated Depreciation for:				
Water and sewer systems	(6,072,168)	(332,291)	--	(6,404,459)
Machinery and equipment	(146,015)	(468)	--	(146,483)
Vehicles	(269,651)	(9,744)	--	(279,395)
Total Accumulated Depreciation	<u>(6,487,834)</u>	<u>(342,503)</u>	<u>--</u>	<u>(6,830,337)</u>
Other Capital Assets, Net	<u>5,997,155</u>	<u>(342,503)</u>	<u>--</u>	<u>5,654,652</u>
Business-Type Capital Assets, Net	<u>\$ 6,010,655</u>	<u>\$ (342,503)</u>	<u>\$ --</u>	<u>\$ 5,668,152</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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 \$1,970. 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, 2015.

	<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 full on October 24, 2015, with interest at 7%, proceeds used to fund construction of a post office, payable solely from rental revenue.	\$ <u>135,000</u>	\$ <u>--</u>	\$ <u>65,000</u>	\$ <u>70,000</u>	\$ <u>70,000</u>
Total General Long-Term Debt	\$ <u>135,000</u>	\$ <u>--</u>	\$ <u>65,000</u>	\$ <u>70,000</u>	\$ <u>70,000</u>

Total interest expense on general long-term debt in the amount of \$5,065 is included in urban renewal expenses.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 31, 2015

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, 2015:

	<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.	\$ 976,081	\$ --	\$ 127,224	\$ 848,857	\$ 131,094
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.	1,334,072	--	83,374	1,250,698	85,696
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	401,670	--	18,210	383,460	18,569
Total Enterprise Fund Debt	\$ 2,711,823	\$ --	\$ 228,808	\$ 2,483,015	\$ 235,359

Total Enterprise Fund debt interest in the amount of \$70,854 has been expensed.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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, 2015:

<u>Fiscal Year Ending September 30</u>	<u>1996 Urban Renewal Bonds</u>	<u>Interest</u>	<u>Principal</u>
2016	\$ 72,450	\$ 2,450	\$ 70,000
Total	72,450		
Less interest	2,450	\$ 2,450	
Principal	\$ 70,000		\$ 70,000

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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, 2015:

Fiscal Year Ending September 30	State Revolving Fund Loans		2011	Total	Interest	Principal
	2001	2008				
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	70	12,863
Total	928,602	1,477,773	452,910	2,859,285	376,270	2,483,015
Less interest	79,745	227,075	60,450	--	376,270	--
Principal	\$ 848,857	\$ 1,250,698	\$ 383,460	\$ 2,859,285	\$ --	\$ 2,483,015

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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	\$ --	\$ 218,201	\$ --
Nonmajor Governmental	30,498	2,000	--
Total General Fund	<u>30,498</u>	<u>220,201</u>	<u>--</u>
Total Nonmajor Funds			
General	2,000	30,498	--
Total Governmental Funds	<u>2,000</u>	<u>30,498</u>	<u>--</u>
Enterprise Fund:			
General	218,201	--	--
Total Enterprise Fund	<u>218,201</u>	<u>--</u>	<u>--</u>
Grand Totals	\$ 250,699	\$ 250,699	\$ --

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	\$ 52,266
Fire Protection	Law	369,319
Total Restricted Net Positions for Other Purposes		<u>\$ 421,585</u>

Committed Fund Equity

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, 2015

NOTE 4 - OTHER NOTES

4.A DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The Town contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multi-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and Board of Trustees' authority to determine contribution rates are established by Mississippi Code Ann. Section 35-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39101 or by calling (601) 359-3587 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community/junior colleges, teachers, and employees of public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who become members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the fiscal years ending September 30, 2015, 2014, and 2013 were \$193,196, \$157,524, and \$133,586 respectively, which equaled to the required contributions for each year.

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

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

4.A DEFINED BENEFIT PENSION PLAN (continued)

At September 2015, the Town reported a liability of \$3,066,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions of all participating entities, actuarially determined. At June 30, 2015, the Town's proportion was .0105%.

For the year ended September 30, 2015, the Town recognized pension expense \$290,343. At September 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 47,198	\$ -0-
Net earnings between projected and actual experience		
On pension plant investments	179,445	-0-
Change of assumptions	264,201	-0-
Change in proportion and differences between Town	-0-	-0-
Contributions and proportionate share of contributions		
Town contributions subsequent to the measurement date	75,174	-0-
Total	<u>\$ 566,018</u>	<u>\$ -0-</u>

\$566,018 reported as deferred outflows of resources related to the pensions resulting from town contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2016	\$ 234,521
2017	159,346
2018	127,290
2019	44,861
2020	-0-
Thereafter	-0-
	<u>\$ 566,018</u>

Actuarial assumptions. The total liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.5 percent
Salary increases	3.75-19.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar projected with Scale BB to 2015.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

4.A DEFINED BENEFIT PENSION PLAN (continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2015. The experience report is dated October 21, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-.50%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the Employer contributions will be made at a rate equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all of projected benefits payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share if the net position liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's proportionate share			
Of net pension liability	\$4,042,419	\$3,066,873	\$2,257,352

Pension plan fiduciary net position, detailed information about the pension plan's fiduciary net position,

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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	\$ 115,121
(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	5,954
Tower Space (\$880 per mo.) (CSPIRE)	02/18/2015 - 02/17/2020	10,320	45,760
		<u>\$ 122,974</u>	<u>\$ 166,835</u>

Minimum future rentals are \$166,835 collectible annually as follows:

Year Ending September 30	Minimum Future Rentals
2016	\$ 93,261
2017	48,934
2018	10,560
2019	10,560
2020	3,520
	<u>\$ 166,835</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	06/01/2015 - 05/31/2016	\$ 3,600
Parking Lot	Parks	05/01/2015 - 04/30/2016	2,400
Town Total			<u>\$ 6,000</u>

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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 contested the constitutionality of the law and did not seek any money damages. The Town filed a response and a memorandum of law in support thereof. The Town contested the case vigorously. The Town received a favorable outcome in its lawsuit and the County paid the gaming revenues on December 17, 2015. There is still a dispute over interest due on the past due revenue as well as court costs. That outcome cannot be determined readily.

4.H. SUBSEQUENT EVENTS

As previously stated, the Town collected \$2,088,430 in gaming revenues that were being held by Tunica County on December 17, 2015.

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TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGET BASIS)
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Budget Basis	Over
				(Under)
Revenues:				
Licenses and permits	\$ 5,400	\$ 6,400	\$ 7,082	\$ 682
Police fines	97,000	97,000	90,249	(6,751)
Gaming taxes	2,150,000	2,150,000	1,941,140	(208,860)
Sales tax	510,000	510,000	528,489	18,489
Franchise taxes	60,500	60,500	59,554	(946)
Gasoline taxes	4,000	4,000	3,154	(846)
Liquor taxes	3,000	3,000	3,825	825
Road and bridge tax	--	39,000	38,597	(403)
Grand Gulf	15,000	15,000	14,740	(260)
Grants	3,000	53,000	53,000	--
General municipal aid	--	--	514	514
Municipal Court fund	--	400	283	(117)
Sale of equipment	--	1,400	2,600	1,200
Miscellaneous	1,000	1,000	9,559	8,559
Rent	20,700	20,700	23,219	2,519
Interest	8,000	6,000	7,000	1,000
Total Revenues	2,877,600	2,967,400	2,783,005	(184,395)
Transfers in -Fire	30,000	30,000	30,498	498
Transfers out - Urban renewal	(25,000)	(2,000)	(2,000)	--
Transfers out-Water	(600,000)	(400,000)	(218,201)	181,799
Total Revenues and Transfers	2,282,600	2,595,400	2,593,302	(2,098)
Beginning balance	2,022,000	2,022,000	2,464,096	442,096
Total From All Sources	\$ 4,304,600	\$ 4,617,400	\$ 5,057,398	\$ 439,998
Expenditures:				
Municipal Court:				
Personnel	\$ 87,166	\$ 87,166	\$ 82,472	\$ 4,694
Supplies	4,500	4,500	1,653	2,847
Services	39,950	39,950	25,457	14,493
	<u>131,616</u>	<u>131,616</u>	<u>109,582</u>	<u>22,034</u>
Administrative:				
Personnel	387,890	387,890	373,696	14,194
Supplies	23,000	20,500	11,619	8,881
Services	107,250	240,400	203,492	36,908
Capital outlay	--	4,300	4,232	68
	<u>518,140</u>	<u>653,090</u>	<u>593,039</u>	<u>60,051</u>
Municipal Complex:				
Supplies	1,000	1,000	98	902
Services	29,600	29,600	24,322	5,278
	<u>30,600</u>	<u>30,600</u>	<u>24,420</u>	<u>6,180</u>
Shop Maintenance:				
Personnel	48,759	48,759	48,089	670
Supplies	35,000	31,000	13,815	17,185
Services	18,200	19,400	18,447	953
	<u>101,959</u>	<u>99,159</u>	<u>80,351</u>	<u>18,808</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Over</u> <u>(Under)</u>
Expenditures: (continued)				
Police Department:				
Personnel	\$ 531,708	\$ 531,708	\$ 556,897	\$ (25,189)
Supplies	77,500	58,500	32,466	26,034
Services	100,100	92,800	76,421	16,379
Capital outlay	28,000	3,000	2,121	879
	<u>737,308</u>	<u>686,008</u>	<u>667,905</u>	<u>18,103</u>
Fire Department:				
Supplies	22,500	15,000	11,292	3,708
Services	106,250	101,550	42,777	58,773
Capital outlay	15,000	--	--	--
	<u>143,750</u>	<u>116,550</u>	<u>54,069</u>	<u>62,481</u>
Parks and Recreation:				
Personnel	44,627	34,827	33,285	1,542
Supplies	8,500	8,500	4,350	4,150
Services	35,600	18,600	14,362	4,238
	<u>88,727</u>	<u>61,927</u>	<u>51,997</u>	<u>9,930</u>
Streets:				
Personnel	203,427	203,427	205,071	(1,644)
Supplies	105,900	90,900	69,901	20,999
Services	144,100	140,100	112,358	27,742
	<u>453,427</u>	<u>434,427</u>	<u>387,330</u>	<u>47,097</u>
Special Projects:				
Animal control	3,600	3,600	--	3,600
Chamber of Commerce	27,000	27,000	2,250	24,750
Library	40,000	37,000	3,083	33,917
	<u>70,600</u>	<u>67,600</u>	<u>5,333</u>	<u>62,267</u>
Transfers out:				
Main Street	32,250	32,250	2,366	29,884
	<u>32,250</u>	<u>32,250</u>	<u>2,366</u>	<u>29,884</u>
Total Expenditures	2,308,377	2,313,227	1,976,392	336,835
Ending Balance	<u>1,996,223</u>	<u>2,304,173</u>	<u>3,081,006</u>	<u>(776,833)</u>
Total Expenditures and Ending Balance	\$ <u>4,304,600</u>	\$ <u>4,617,400</u>	\$ <u>5,057,398</u>	\$ <u>(439,998)</u>

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

TOWN OF TUNICA, MISSISSIPPI
NOTE TO BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

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. \$ 5,057,398

Adjustments:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for GAAP reporting. (2,464,096)

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

Gaming revenues	(15,161)	
Sales tax	(9,162)	
Franchise taxes	45	
Rent income	(992)	(25,270)

Reclassifications:

Budgetary general fund transfers are reclassified. 189,703

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. \$ 2,757,735

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules. \$ 5,057,398

Adjustments:

The fund balance at the end of the year is a budgetary use but is not a current year expenditure for GAAP reporting. (3,081,006)

Reclassifications:

Budgetary general fund transfers are reclassified. (2,366)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. \$ 1,974,026

TOWN OF TUNICA, MISSISSIPPI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Special Revenue</u>			<u>Total</u>
	<u>Tunica Main Street, Inc.</u>	<u>Fire Protection Fund</u>	<u>Urban Renewal Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets:				
Cash				
Unrestricted	\$ 8,412	\$ --	\$ --	\$ 8,412
Restricted	--	368,640	61,289	429,929
Due from Tunica County	--	679	--	679
Rent receivable	--	--	2,000	2,000
Total Assets	\$ 8,412	\$ 369,319	\$ 63,289	\$ 441,020
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 547	\$ 547
Unearned rent	--	--	6,396	6,396
Total Liabilities	--	--	6,943	6,943
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	--	369,319	56,346	425,665
Unassigned	8,412	--	--	8,412
Total Fund Balances	8,412	369,319	56,346	434,077
Total Liabilities and Fund Balances	\$ 8,412	\$ 369,319	\$ 63,289	\$ 441,020

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TOWN OF TUNICA, MISSISSIPPI
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue			Total
	Tunica Main Street, Inc.	Fire Protection Fund	Urban Renewal Fund	Nonmajor Governmental Funds
Revenues:				
County fire protection millage	\$ --	\$ 29,644	\$ --	\$ 29,644
State fire rebate	--	5,432	--	5,432
County fire rebate	--	42,003	--	42,003
State fire rebate, training	--	173	--	173
Rent - Post office	--	--	76,747	76,747
Rent - Grocery	--	--	18,000	18,000
Rent - Deli	--	--	6,000	6,000
Interest income	39	462	48	549
Grants	--	5,000	--	5,000
Fees and other	3,711	--	--	3,711
Total Revenues	<u>3,750</u>	<u>82,714</u>	<u>100,795</u>	<u>187,259</u>
Expenditures:				
Personnel	--	--	--	--
Supplies	1,799	--	--	1,799
Services	14,034	--	34,655	48,689
Promotion and advertising	23,198	--	--	23,198
Debt principal	--	--	65,000	65,000
Debt interest	--	--	7,175	7,175
Total Expenditures	<u>39,031</u>	<u>--</u>	<u>106,830</u>	<u>145,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,281)</u>	<u>82,714</u>	<u>(6,035)</u>	<u>41,398</u>
Other Financing Sources (uses):				
Transfers in	2,366	--	2,000	4,366
Transfers out	--	(30,498)	--	(30,498)
Total Other Financing Sources (Uses)	<u>2,366</u>	<u>(30,498)</u>	<u>2,000</u>	<u>(26,132)</u>
Change in Fund Balances	(32,915)	52,216	(4,035)	15,266
Fund Balance - Beginning of Year	<u>41,327</u>	<u>317,103</u>	<u>60,381</u>	<u>418,811</u>
Fund Balance - Ending of Year	<u>\$ 8,412</u>	<u>\$ 369,319</u>	<u>\$ 56,346</u>	<u>\$ 434,077</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, 2015

	Tunica Main Street, Inc.		Fire Protection Fund		Urban Renewal Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
County fire protection millage	\$ --	\$ --	\$ 35,000	\$ 29,929	\$ --	\$ --
State fire rebate	--	--	5,400	5,432	--	--
County fire rebate	--	--	25,000	42,003	--	--
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	--	39	60	462	30	48
Grants	--	--	5,000	5,000	--	--
Fees and other	--	3,711	--	--	--	--
Transfers in	32,250	2,366	--	--	2,000	2,000
Total Revenues	<u>32,250</u>	<u>6,116</u>	<u>70,635</u>	<u>82,999</u>	<u>102,777</u>	<u>102,795</u>
Beginning balance	41,327	41,327	317,103	317,103	60,381	60,381
Total From All Sources	<u>\$ 73,577</u>	<u>\$ 47,443</u>	<u>\$ 387,738</u>	<u>\$ 400,102</u>	<u>\$ 163,158</u>	<u>\$ 163,176</u>
Expenditures:						
Personnel	\$ --	\$ --	\$ --	--	\$ --	\$ --
Supplies	--	1,799	--	--	--	--
Services	--	14,034	--	--	35,000	34,655
Promotion and advertising	32,250	23,198	--	--	--	--
Grants	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt principal	--	--	--	--	65,000	65,000
Debt interest	--	--	--	--	--	7,175
Transfers out	--	--	30,000	30,498	--	--
Total Expenditures	<u>32,250</u>	<u>39,031</u>	<u>30,000</u>	<u>30,498</u>	<u>100,000</u>	<u>106,830</u>
Ending Balance	41,327	8,412	357,738	369,319	63,158	56,346
Total Expenditures and Ending Balance	<u>\$ 73,577</u>	<u>\$ 47,443</u>	<u>\$ 387,738</u>	<u>\$ 399,817</u>	<u>\$ 163,158</u>	<u>\$ 163,176</u>
Revenues over (under)				285		
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		--		(285)		--
Beginning balance is not revenue		(41,327)		(317,103)		(60,381)
Ending balance is not an expenditure		<u>8,412</u>		<u>369,319</u>		<u>56,346</u>
Revenues over (under) expenditures GAAP basis		<u>\$ (32,915)</u>		<u>\$ 52,216</u>		<u>\$ (4,035)</u>

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF RECEIPTS AND DISBURSEMENTS COMPARED
TO BUDGET - NON-GAAP BUDGETARY BASIS
PROPRIETARY FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

	Budget		Actual	Over
	Original	Final	Budget	(Under)
			Basis	
Revenues and Transfers:				
Charges for services				
Water revenues	\$ 385,000	\$ 400,000	\$ 459,556	\$ 59,556
Sewer revenues	385,000	380,000	430,904	50,904
Garbage revenues	45,000	60,000	61,456	1,456
Service fees	8,500	22,300	24,118	1,818
Late fees	20,000	20,000	28,617	8,617
Capital grant	--	--	3,397	3,397
Miscellaneous	700	700	1,018	318
Interest	550	550	318	(232)
Transfers	600,000	400,000	218,201	(181,799)
Total Revenues and Transfers	1,444,750	1,283,550	1,227,585	(55,965)
Expenditures:				
Public Health				
Personnel	\$ 127,835	\$ 127,835	\$ 116,552	\$ 11,283
Supplies	19,700	19,700	20,385	(685)
Services	42,000	44,500	23,205	21,295
	<u>189,535</u>	<u>192,035</u>	<u>160,142</u>	<u>31,893</u>
Water:				
Personnel	298,920	292,050	285,404	6,646
Supplies	112,000	112,000	85,971	26,029
Services	172,299	162,000	136,304	25,696
Capital outlay	103,000	--	--	--
	<u>686,219</u>	<u>566,050</u>	<u>507,679</u>	<u>58,371</u>
Sewer:				
Personnel	98,115	109,915	100,150	9,765
Supplies	90,900	110,700	90,840	19,860
Services	66,050	58,550	43,892	14,658
Capital outlay	37,000	--	--	--
	<u>292,065</u>	<u>279,165</u>	<u>234,882</u>	<u>44,283</u>
Notes payable	<u>359,664</u>	<u>359,664</u>	<u>299,662</u>	<u>60,002</u>
Total Expenditures	1,527,483	1,396,913	1,202,365	194,548
Revenues and Transfers over (under) Expenditures	\$ (82,733)	\$ (113,363)	25,220	\$ 138,583
Reconciliation with change in net-position:				
Principal paid on notes payable			228,808	
Depreciation			(342,503)	
Capital outlay			--	
Change in Net-Position			\$ (88,475)	

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF PROPERTY TAXES (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2015

ASSESSED VALUATION:	Assessed Value	Mills	Tax
City Tax:			
Real Property	\$ 6,310,314	0	\$ 0
Personal Property	1,310,252	0	0
Public Utilities	345,343	0	0
Mobile Homes	1,075	0	0
Motor Vehicles	1,276,756	0	0
Total	<u>\$ 9,243,740</u>	<u>0</u>	<u>\$ 0</u>

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TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF SURETY BONDS (UNAUDITED)
SEPTEMBER 30, 2015

<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

See independent auditor's report.

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Fax: (877) 663-6910

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

Mailing address:
P. O. Box 38189
Germantown, TN 38183-0189

**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, 2015, 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.



McCune & Bell CPA's, PLLC

February 29, 2016

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