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Chuck Cariker
Mayor

Town of Tunica

Board of Aldermen

Celia J. Boren
Town Clerk

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

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

August 17, 2017

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, 2016. In connection with audit (compilation), a separate management letter was written to the town. Enclosed you will find a copy of this management letter along with the audit (compilation) reports.

Sincerely,



Celia Boren, Clerk
Town of Tunica

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**TOWN OF TUNICA
P.O. BOX 395
909 RIVER ROAD
TUNICA, MISSISSIPPI 38676
(662) 363-2432**

February 28, 2017

McCune & Bell CPA's, PLLC
152 Timber Creek Drive, Suite 4
Cordova, TN 38018

This representation letter is provided in connection your audit of the financial statements of Town of Tunica, Mississippi, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 28, 2017 the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 4, 2016, including our responsibility for the preparation and fair presentation of the financial statements and for the preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Town of Tunica, Mississippi is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters (and all audit or relevant monitoring reports, if any, received from funding sources).
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the Town of Tunica from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of Mayor and Board of Alderman or summaries of actions of recent meetings for which have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations or fraud or suspected fraud affecting the Town of Tunica's financial statements communicated by employees, former employees, regulators, or others.

16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the Town of Tunica's related parties and all the related party relationships and transactions of which we are aware.


Government - Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. The Town of Tunica, Mississippi has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. There are no violations or possible violations budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets,) provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
25. As part of your audit, you assisted with preparation of the financial statements and related notes (and schedule of expenditures of federal awards). We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes (and schedule of expenditures of federal awards).
26. The Town of Tunica, Mississippi has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to financial statements.
27. The Town of Tunica, Mississippi has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
29. The financial statements properly classify all funds and activities.
30. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
31. Components of net position (net investment in capital assets; restricted; and unrestricted) Components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are money classified and, if applicable approved.

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32. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
35. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
37. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
39. We have appropriately disclosed the Town of Tunica's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
41. With respect to the -
 - a. We acknowledge our responsibility for presenting the combining financial statements of nonmajor funds and the schedule of expenditures of federal awards, in accordance with accounting principles generally accepted in the United States of America, and we believe the combining financial statements of nonmajor funds, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining financial statements of nonmajor funds and the schedule of expenditures of federal awards, have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the combining financial statements of nonmajor funds is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signed: 

Title: MAYOR

Signed: 

Title: TOWN CLERK

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TOWN OF TUNICA, MISSISSIPPI
FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED SEPTEMBER 30, 2016

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Cordova, TN 38018

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

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, 2016, 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, 2016, 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 CPA's PLLC

McCune & Bell CPA's, PLLC

February 28, 2017



TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016

As management of the 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, 2016, with the fiscal year ended September 30, 2015 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 \$8,946,369 (net position). Of this amount, \$2,221,749 (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 \$1,176,170 while business-type activities net position decreased by \$615,303 resulting in a total net position decrease of \$560,867. The decrease in governmental net assets was due primarily to recording pension expenses of \$506,836 in order to comply new pension reporting requirements.

Fund Level:

As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,920,239. Of this amount \$2,394,105 is unassigned and available for use within the Town's designation and policies. The remaining balance of \$ 526,134 was nonspendable, restricted or committed for specific purposes. The governmental fund balance sheet appears on page 10. The proprietary funds reported a total net position of \$3,972,080 consisting of \$3,730,318 invested in capital assets, net of related debt and \$241,762 unrestricted.

Long-term Debt:

The Town's debt payable decreased during the year by \$235,358 to a total of \$2,247,657. The Town acquired no new bonded debt while paying down old debt. As a result of implementing GASB 68, the Town recognized a net pension liability of \$3,322,782.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

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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 \$ 8,946,359 at September 30, 2016.

The largest portion of the Town's net position, \$8,699,341, 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 \$526,134 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$2,221,749 may be used to meet the government's ongoing obligation to citizens and creditors. Total net position of governmental activities decreased by \$1,186,024 from \$6,160,313 to \$4,974,289, primarily due to a change to pension expenses.

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

SUMMARY OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets	\$ 3,475,572	\$ 3,596,851	\$ 373,748	\$ 266,673	\$ 3,849,320	\$ 3,863,524
Capital Assets	4,969,023	5,210,169	6,052,724	5,668,152	11,021,747	10,878,321
Total Assets	8,444,595	8,807,020	6,426,472	5,934,825	14,871,067	14,741,845
Deferred Outflows of Resources	315,091	566,018	--	--	315,091	566,018
Current and Other Liabilities	462,615	75,852	377,575	264,583	840,190	340,435
Long Term Liabilities	3,322,782	3,136,873	2,076,817	2,313,465	5,399,599	5,450,338
Total Liabilities	3,785,397	3,212,725	2,454,392	2,578,048	6,239,789	5,790,773
Net Position:						
Net investment in capital assets	4,969,023	5,440,169	3,730,318	3,185,137	8,699,341	8,625,306
Net pension liability	(2,500,855)	(2,210,512)	--	--	(2,500,855)	(2,210,512)
Restricted	526,134	421,585	--	--	526,134	421,585
Unrestricted	1,979,987	2,509,071	241,762	171,640	2,221,749	2,680,711
Total Net Position	\$ 4,974,289	\$ 6,160,313	\$ 3,972,080	\$ 3,356,777	\$ 8,946,369	\$ 9,517,090



TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

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	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ --	\$ 3,711	\$ 1,087,466	\$ 1,005,669	\$ 1,087,466	\$ 1,009,380
Licenses and permits	5,879	7,082	--	--	5,879	7,082
Police fines	54,486	90,249	--	--	54,486	90,249
Rent	112,392	122,974	--	--	112,392	122,974
Contributions and grants	69,600	135,252	30,375	3,397	99,975	138,649
Total Program Revenues	242,357	359,268	1,117,841	1,009,066	1,360,198	1,368,334
General Revenues:						
Property taxes	235,592	38,597	--	--	235,592	38,597
Gaming taxes	1,832,660	1,925,979	--	--	1,832,660	1,925,979
Sales tax	336,683	519,327	--	--	336,683	519,327
Franchise taxes	49,952	59,599	--	--	49,952	59,599
Gasoline taxes	3,154	3,154	--	--	3,154	3,154
Liquor taxes	4,050	3,825	--	--	4,050	3,825
Nuclear plant	14,993	14,740	--	--	14,993	14,740
Gain on disposition of assets	4,927	(2,350)	--	--	4,927	(2,350)
Miscellaneous	500	10,356	--	--	500	10,356
Interest	6,240	6,005	213	318	6,453	6,323
Total General Revenues	2,488,751	2,579,232	213	318	2,488,964	2,579,550
Total Revenues	2,731,108	2,938,500	1,118,054	1,009,384	3,849,162	3,947,884
Expenses:						
Municipal court	102,152	109,723	--	--	102,152	109,723
Administrative	1,061,791	791,175	--	--	1,061,791	791,175
Municipal complex	47,226	39,046	--	--	47,226	39,046
Shop maintenance	96,723	82,029	--	--	96,723	82,029
Police department	668,615	709,878	--	--	668,615	709,878
Fire department	190,684	125,777	--	--	190,684	125,777
Parks and recreation	37,879	84,384	--	--	37,879	84,384
Streets	734,153	487,909	--	--	734,153	487,909
Special projects	85,943	5,333	--	--	85,943	5,333
Main Street	41,658	39,558	--	--	41,658	39,558
Urban Renewal	41,923	67,609	--	--	41,923	67,609
Interest expense	2,450	5,065	64,304	70,854	66,754	75,919
Water, Sewer and Sanitation	--	--	1,234,528	1,245,206	1,234,528	1,245,206
Total Expenses	3,111,197	2,547,486	1,298,832	1,316,060	4,410,029	3,863,546
Increase (decrease)						
before transfers	(380,089)	391,014	(180,778)	(306,676)	(560,867)	84,338
Transfers	(796,081)	(218,201)	796,081	218,201	--	--
Change in Net Position	(1,176,170)	172,813	615,303	(88,475)	(560,867)	84,338
Prior period adjustment	--	(2,210,512)	--	--	--	(2,210,512)
Less: Main Street	(9,854)	--	--	--	(9,854)	--
Net Position, Beginning	6,160,313	8,198,012	3,356,777	3,445,252	9,517,090	11,643,264
Net Position Ending	\$ 4,974,289	\$ 6,160,313	\$ 3,972,080	\$ 3,356,777	\$ 8,946,369	\$ 9,517,090



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

Capital assets acquired by governmental activities during the current fiscal year totaled \$54,131, while dispositions were \$47,256. The public utility fund acquired \$643,769 of capital assets including \$584,178 for construction in progress.

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, 2016 totaled \$10,095,186 with accumulated depreciation of \$5,126,163 leaving a net capital asset balance of \$4,969,023.

Business-type activities capital assets for the year ended September 30, 2016 totaled \$13,142,257 with accumulated depreciation of \$7,164,287 leaving a net capital assets balance of \$5,997,970.

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 \$1,478,489, at fiscal year ended September 30, 2016. The Town has no general obligation debt.

State law imposed an overall debt limit on municipalities of twenty percent (20%) of the assessed value of taxable property within the Town. At September 30, 2016 the 20% limit for the Town of Tunica was \$1,971,318. The Town had no outstanding debt subject to this limit as of September 30, 2016.



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

At the end of the current fiscal year, the Town of Tunica had total debt and notes payable of \$2,331,286. SRFL loans totaling \$2,247,657 are secured by a pledge of sales tax revenue. The bond secured by rental was paid off. The Town owes \$83,629 due to overpayments of sales tax in prior years, which is also secured by sales tax revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Actual budget-basis revenues of the General Fund for 2015-2016 were favorable to the budget by \$1,654,751 due to collection of back gaming revenues paid by Tunica County.

In the fiscal year 2016-2017 Budget, General Fund revenues are budgeted to be \$2,699,500 before transfers, a decrease of \$1,642,587 from 2015-2016 actual budget-basis revenues \$4,342,087. Actual budget basis gaming revenues of \$3,639,589 represented 84% of budget based revenues for 2015-2016. Tunica County is no longer behind in paying the Town gaming revenues.

This coming fiscal year, the Town's budget has been based on conservative estimates of gaming, property, sales, and franchise tax receipts. These revenues can be volatile and are subject to changes in the economy. Gaming revenues are budgeted to be \$1,788,000 for the 2016-2017 budget year as compared to the budgeted amount of \$1,750,000 for 2015-2016. The General Fund has committed \$4,559,042 in the 2016-2017 budget.

The General Fund budget for 2016-2017 includes \$50,000 in transfers in from the fire protection fund and transfers out of \$325,000 for the water, sewer, and sanitation fund.

Public Utility charges for services are budgeted to be \$1,076,800 for 2016-2017. This represents an increase of \$135,200 over the 2015-2016 budget. The increase is due having a full year under the new higher water rates and a full year of charging for garbage collection. The Public Utility Fund is budgeted to operate at a deficit of \$13,847 for 2016-2017. The deficit is funded by transfers of gaming revenues and sales tax revenues from the General Fund of \$325,000 and \$135,500 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.

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TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets:			
Cash	\$ 2,479,237	\$ 181,024	\$ 2,660,261
Receivables (net of allowance for doubtful accounts):	--	192,724	192,724
Franchise taxes	14,755	--	14,755
Accounts	--	--	--
Due from other governments			
Gaming taxes	281,501	--	281,501
Sales taxes	75,909	--	75,909
Fire allocation	--	--	--
Claim due from Tunica County	92,719	--	92,719
Restricted assets:			
Cash	531,451	74,754	606,205
Capital assets (net)	4,969,023	5,977,970	10,946,993
Total Assets	\$ 8,444,595	\$ 6,426,472	\$ 14,871,067
Deferred Out Flows - Pension	315,091	--	315,091
Liabilities:			
Accounts payable	\$ 332,414	\$ 133,664	\$ 466,078
Accrued expenses	33,670	1,812	35,482
Due to other funds	6,506	--	6,506
Payable from restricted assets:			
Deposits	--	71,259	71,259
Unearned revenue	6,396	--	6,396
Other liabilities:			
Debt due within one year	83,629	242,099	325,728
Debt due in more than one year	--	2,005,558	2,005,558
Net Pension Liability	3,322,782	--	3,322,782
Total Liabilities	\$ 3,785,397	\$ 2,454,392	\$ 6,239,789
Net Position:			
Net investment in capital assets, net of related debt	\$ 4,969,023	\$ 3,730,313	\$ 8,699,336
Restricted for:			
Urban renewal	54,321	--	54,321
Fire equipment	471,813	--	471,813
Pension Liability	(2,500,855)	--	(2,500,855)
Unrestricted	1,979,987	241,767	2,221,754
Total Net Position	\$ 4,974,289	\$ 3,972,080	\$ 8,946,369

See accompanying notes to basic financial statements.



TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Municipal court	\$ 102,152	\$ 54,486	\$ --	\$ --	\$ (47,666)	\$ --	\$ (47,666)
Administrative	1,061,791	29,524	--	--	(1,032,267)	--	(1,032,267)
Municipal Complex	47,226	--	--	--	(47,226)	--	(47,226)
Shop maintenance	96,723	--	--	--	(96,723)	--	(96,723)
Police Department	668,615	--	--	12,140	(656,475)	--	(656,475)
Fire Department	190,684	--	--	--	(190,684)	--	(190,684)
Parks and Recreation	37,879	--	--	--	(37,879)	--	(37,879)
Streets	734,153	--	--	--	(734,153)	--	(734,153)
Special projects	85,943	--	--	--	(85,943)	--	(85,943)
Main Street	41,658	--	--	--	(41,658)	--	(41,658)
Fire Protection	--	--	57,460	--	57,460	--	57,460
Urban renewal	44,373	88,747	--	--	44,374	--	44,374
Total Governmental Activities	3,111,197	172,757	57,460	12,140	(2,868,840)	--	(2,868,840)
Business-type activities:							
Water, Sewer and Sanitation	1,298,832	1,087,466	--	30,375		(180,991)	(180,991)
Total Government	\$ 4,410,029	\$ 1,260,223	\$ 57,460	\$ 42,515			
General Revenues:							
Property taxes					235,592	--	235,592
Gaming taxes					1,832,660	--	1,832,660
Sales tax					336,683	--	336,683
Franchise taxes					49,952	--	49,952
Gasoline taxes					3,154	--	3,154
Liquor taxes					4,050	--	4,050
Nuclear plant					14,993	--	14,993
Gain on disposition of capital assets					4,927	--	4,927
Miscellaneous					500	--	500
Interest					6,240	213	6,453
Transfers					(796,081)	796,081	--
Total General Revenues and Transfers					1,692,670	796,294	2,488,964
Change in Net Position					(1,176,670)	615,303	(560,867)
Main Street Fund Balance					(9,854)	--	(9,854)
Net Position, Beginning - Unadjusted					6,160,313	3,356,777	9,517,090
Net Position, Beginning - Adjusted					6,150,459	3,972,777	9,507,236
Net Position, Ending					\$ 4,974,289	\$ 3,972,080	\$ 8,946,369

See accompanying notes to basic financial statements.



TOWN OF TUNICA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Aggregate Remaining Fund Information</u>	<u>Total Governmental Funds</u>
Assets:			
Cash			
Unrestricted	\$ 2,479,237	\$	\$ 2,479,237
Restricted	--	531,451	531,451
Receivables			
Franchise fees	13,116	--	13,116
Due from other governments			
Gaming taxes	281,501	--	281,501
Sales taxes	75,909	--	75,909
Fire allocation	517	1,122	1,639
	<u>2,850,280</u>	<u>532,573</u>	<u>3,382,853</u>
Total Assets	\$ 2,850,280	\$ 532,573	\$ 3,382,853
Liabilities:			
Due to State of MS	\$ 83,629	\$ --	\$ 83,629
Accounts payable	332,371	43	332,414
Accrued expenses	40,175	--	40,175
Unearned rent	--	6,396	6,396
	<u>456,175</u>	<u>6,439</u>	<u>462,614</u>
Total Liabilities	456,175	6,439	462,614
Fund Balances:			
Nonspendable			
Restricted:			
Revenue bonds	--	54,321	54,321
Fire equipment	--	471,813	471,813
Committed			
Unassigned:			
General fund	2,394,105	--	2,394,105
Special revenue funds	--	--	--
	<u>2,394,105</u>	<u>526,134</u>	<u>2,920,239</u>
Total Fund Balances	2,394,105	526,134	2,920,239
Total Liabilities and Fund Balances	\$ 2,850,280	\$ 532,573	\$ 3,382,853

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total Fund Balance - Total Governmental Funds	\$ 2,920,239
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.	4,969,023
Deferred outflows of resources related to pensions are applicable to future periods and, are not reported in the funds.	315,091
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:	
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:	
Other reconciling items	(1)
Net pension liability	<u>(3,322,782)</u>
Net Position of Governmental Activities	\$ <u>4,974,289</u>

See accompanying notes to financial statements.



TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Aggregate Remaining Fund Information	Total Governmental Funds
Revenues:			
Licenses and permits	\$ 5,879	\$ --	\$ 5,879
Police fines	54,137	--	54,137
County fire protection millage	--	44,631	44,631
State fire rebate	--	6,605	6,605
County fire rebate	--	50,855	50,855
Gaming taxes	1,832,660	--	1,832,660
Sales tax	336,683	--	336,683
Franchise taxes	49,952	--	49,952
Gasoline taxes	3,154	--	3,154
Liquor taxes	4,050	--	4,050
Road and bridge tax	38,819	--	38,819
Grand Gulf	14,993	--	14,993
Grants	12,140	--	12,140
General municipal aid	152,141	--	152,141
Personal Property taxes	349	--	349
Sale of equipment	7,070	--	7,070
Miscellaneous	500	--	500
Rent	23,645	88,747	112,392
Interest	5,959	426	6,385
Total Revenues	<u>2,542,131</u>	<u>191,264</u>	<u>2,733,395</u>
Expenditures:			
Current:			
Municipal Court	101,402	--	101,402
Administrative	551,434	--	551,434
Municipal complex	32,526	--	32,526
Shop maintenance	95,247	--	95,247
Police department	631,563	--	631,563
Fire department	119,132	--	119,132
Parks and recreation	5,492	--	5,492
Streets	636,332	--	636,332
Special projects	85,943	--	85,943
Main Street	41,658	--	41,658
Urban Renewal	--	11,458	11,458
Debt Service:		72,450	72,450
Capital outlay	29,376	24,755	54,131
Total Expenditures	<u>2,330,105</u>	<u>108,663</u>	<u>2,438,768</u>
Excess (Deficiency) of Revenues Over Expenditures	212,026	82,601	294,627
Other Financing Sources (Uses):			
Transfers in	--	17,868	17,868
Transfers out	(813,949)	--	(813,949)
Total Other Financing Sources (Uses)	<u>(813,949)</u>	<u>17,868</u>	<u>(796,081)</u>
Change in Fund Balances	(601,923)	100,469	(501,454)
Less: Main Street Fund Balances	--	(8,412)	(8,412)
Fund Balance - Beginning	<u>2,996,028</u>	<u>434,077</u>	<u>3,430,105</u>
Fund Balance - Ending	<u>\$ 2,394,105</u>	<u>\$ 526,134</u>	<u>\$ 2,920,239</u>

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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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (501,454)

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. 54,131

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. (291,692)

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. 70,000

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. (2,289)

Some expenses reported in the governmental funds do not require the use current financial resources and, therefore, are not reported as expenditures the governmental funds. 1,970

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 (506,836)

Change in Net Position of Governmental Activities \$ (1,176,170)

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TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

	Public Utility
Assets:	
Current Assets:	
Cash	\$ 181,024
Receivables	
Accounts	192,724
Total current assets	<u>373,748</u>
Noncurrent assets:	
Restricted cash	74,754
Capital assets (net)	5,977,970
Total noncurrent assets	<u>6,052,724</u>
Total Assets	<u>6,426,472</u>
Liabilities:	
Current liabilities:	
Accounts payable	133,664
Current maturities, long-term debt	242,099
Accrued expenses	1,812
Total current liabilities	<u>377,575</u>
Liabilities payable from restricted assets:	
Meter deposits payable	71,259
Total liabilities payable from restricted assets	<u>71,259</u>
Noncurrent liabilities:	
Long-term debt	2,005,558
Total noncurrent liabilities	<u>2,005,558</u>
Total Liabilities	<u>2,454,392</u>
Net Position:	
Net investment in capital assets, net of related debt	3,730,313
Unrestricted	241,767
Total Net Position	<u>\$ 3,972,080</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, 2016

	Public Utility
Operating Revenues:	
Charges for services	\$ 1,087,466
Operating Expenses:	
Personnel	459,740
Supplies	238,666
Services	202,172
Depreciation	333,950
Total Operating Expenses	<u>1,234,528</u>
Operating (loss)	(147,062)
Non-Operating Revenues (Expenses):	
Interest income	213
Interest expense	<u>(64,304)</u>
Total Non-operating Revenues (Expenses)	<u>(64,091)</u>
Loss before grants and transfers	(211,153)
Grants	30,375
Transfers-In	<u>796,081</u>
Total grants and transfers	<u>826,456</u>
Change in Net Position	615,303
Net Position - Beginning	<u>3,356,777</u>
Net Position - Ending	<u><u>\$ 3,972,080</u></u>



TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2016

	<u>Public Utility</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,067,378
Payments to suppliers	(336,124)
Payments to employees	(458,202)
Net Cash (Used) by Operating Activities	<u>273,052</u>
Cash Flows from Non-Capital Financing Activities:	
Customer meter deposits	5,450
Operating subsidies and transfers from other funds	796,081
Net Cash Provided by Non-Capital Financing Activities	<u>801,531</u>
Cash Flows from Capital and Related Financing Activities:	
Grants	30,375
Principal paid on capital debt	(235,358)
Interest paid on capital debt	(64,304)
Purchase of Capital Assets	(643,769)
Net Cash (Used) by Capital and Related Financing Activities	<u>(913,056)</u>
Cash Flows from Investing Activities:	
Interest income	213
Net Cash Provided by Investing Activities	<u>213</u>
Net increase in Cash and Cash Equivalents	161,740
Balances - Beginning of the Year	<u>94,038</u>
Balances - End of the Year	<u><u>\$ 255,778</u></u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) in Operating Activities:	
Operating (loss)	\$ (147,062)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	333,950
Change in assets and liabilities:	
Receivables, net	(20,089)
Accounts and other payables	111,311
Accrued expenses	(5,058)
Net Cash (Used) by Operating Activities	<u><u>\$ 273,052</u></u>
Ending Cash is Presented in the Government-Wide Statement of Net Position as Follows:	
Cash	\$ 181,024
Restricted cash	74,754
	<u><u>\$ 255,778</u></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, 2016

	<u>Agency Fund</u>
Assets:	
Cash	\$ 12,582
Total Assets	<u>\$ 12,582</u>
Liabilities:	
Accounts payable	\$ --
Total Liabilities	<u>\$ --</u>
Net Position:	
Held in trust for employees unemployment	\$ --
Total Net Position	<u>\$ --</u>

**CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

Additions:	
Investment Income:	
Interest	\$ 13
Contribution from Town of Tunica	<u>--</u>
Change in Net Position	13
 Net Position - Beginning of Year	 <u>12,569</u>
 Net Position - End of Year	 <u>\$ 12,582</u>

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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
---------------------	----------------

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 was a component unit of the Town of Tunica. The Mayor and Board of Aldermen of the Town served as the Executive Board of Tunica Main Street, Inc. and the Town was responsible for funding. Tunica Main Street, Inc. was reported as a special revenue fund. The Town severed all ties with Tunica Main Street, Inc. on December 15, 2015. Beginning fund balance has been adjusted to reflect this change.

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, 2016

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

1. B. BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Proprietary Fund

Enterprise Fund

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

Fiduciary Fund

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



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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.

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.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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

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

Basis of Accounting

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

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash

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

Interfund Receivables and Payables

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

Receivables

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



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016

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

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

Restricted Assets

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

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

Long-Term Debt

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

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

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

Equity Classifications

Government-wide and Proprietary Fund Net Positions

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

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

Governmental Fund Balances

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

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- 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, 2016

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 18.5% 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 \$34,264. 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 24.5 mills for the year beginning October 1, 2015.

Program Revenues

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

Operating Revenues and Expenses

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

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

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

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



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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, 2016. The Town complied, in all material respects, with these investment restrictions.



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016, 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, 2016.

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, 2016.

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016, the carrying amount (recorded on the Town's books) of the Town's demand and time deposits was \$3,272,868 and the bank balance was \$3,306,601.

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 \$3,306,601 at September 30, 2016.

Deposits of the Town of Tunica as of September 30, 2016 are summarized as follows:

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Carrying Value</u>
Demand deposits	\$1,727,546	\$1,693,813
Time deposits	<u>1,579,055</u>	<u>1,579,055</u>
Total Deposits	3,306,601	3,272,868
Cash on hand	<u>-0-</u>	<u>659</u>
Total	<u>\$3,306,601</u>	<u>\$3,273,527</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash, including time deposits	\$2,479,237
Restricted cash, including time deposits	<u>531,451</u>
	<u>\$3,010,688</u>

Restricted cash is as follows:

Public Utility Meter Deposits	\$ 71,259
Fire Protection	470,691
Urban Renewal Revenue Bonds	<u>60,760</u>
	<u>\$ 602,710</u>

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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	\$ 14,755	\$ --	\$ --	\$ 14,755
Accrued interest	--	--	--	--
Customers	--	--	192,724	192,724
Due from other governments:				
Tunica County:				
Gaming revenue	281,501	--	--	281,501
Fire allocation	--	--	--	--
Legal fees	92,719	--	--	92,719
Sales taxes	75,909	--	--	75,909
	<u>\$ 464,884</u>	<u>\$ --</u>	<u>\$ 192,724</u>	<u>\$ 657,608</u>

3.C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 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	21,300	--	3,553,949
Improvements	1,352,669	3,700	--	1,356,369
Machinery and equipment	2,505,598	29,131	(21,429)	2,513,300
Furniture and fixtures	576,744	--	--	576,744
Infrastructure	978,215	--	--	978,215
Main Street - equipment	25,827	--	(25,827)	--
Total other capital assets at historical cost	<u>8,971,702</u>	<u>54,131</u>	<u>(47,256)</u>	<u>8,978,577</u>
Less accumulated depreciation for:				
Buildings	(1,155,934)	(70,866)	--	(1,226,800)
Improvements	(782,765)	(54,181)	--	(836,946)
Machinery and equipment	(1,768,822)	(115,040)	19,286	(1,864,576)
Furniture and fixtures	(511,660)	(2,694)	--	(514,354)
Infrastructure	(634,576)	(48,911)	--	(683,487)
Main Street - equipment	(24,385)	--	24,385	--
Total accumulated depreciation	<u>(4,878,142)</u>	<u>(291,692)</u>	<u>43,671</u>	<u>(5,126,163)</u>
Other Capital Assets, Net	<u>4,093,560</u>	<u>(237,561)</u>	<u>(3,585)</u>	<u>3,852,414</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,210,169</u>	<u>\$ (237,561)</u>	<u>\$ (3,585)</u>	<u>\$ 4,969,023</u>



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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	\$ 748
Administrative	3,521
Municipal complex	14,700
Shop maintenance	1,476
Police department	37,052
Fire department	71,552
Parks and recreation	32,387
Streets	97,821
Urban Renewal	32,435
Total Depreciation Expense	<u>\$ 291,692</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ --	\$ 584,178	\$ --	\$ 584,178
Land	13,500	--	--	13,500
Total Assets not being Depreciated	<u>13,500</u>	<u>584,178</u>	<u>--</u>	<u>597,678</u>
Other Capital Assets:				
Water and sewer systems	11,989,562	33,750	--	12,023,312
Machinery and equipment	160,503	--	--	160,503
Vehicles	334,924	25,840	--	360,764
Total Other Capital Assets	<u>12,484,989</u>	<u>59,590</u>	<u>--</u>	<u>12,544,579</u>
Less Accumulated Depreciation for:				
Water and sewer systems	(6,404,459)	(321,568)	--	(6,726,027)
Machinery and equipment	(146,483)	(312)	--	(146,795)
Vehicles	(279,395)	(12,070)	--	(291,465)
Total Accumulated Depreciation	<u>(6,830,337)</u>	<u>(333,950)</u>	<u>--</u>	<u>(7,164,287)</u>
Other Capital Assets, Net	<u>5,654,652</u>	<u>(274,360)</u>	<u>--</u>	<u>5,380,292</u>
Business-Type Capital Assets, Net	<u>\$ 5,668,152</u>	<u>\$ 309,818</u>	<u>\$ --</u>	<u>\$ 5,977,970</u>

3.D. CONSTRUCTION IN PROGRESS

The town has begun replacing all of its water meters with remote reading water meters. As of September 30, 2016, this project was not complete. The Town has incurred \$584,178 in costs at year-end.

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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

3.E. 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.

3.F. 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, 2016.

	<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, 2016 , with interest at 7%, proceeds used to fund construction of post office, payable solely from rental revenue	\$ 70,000	--	70,000	--	--
Total General Long-Term Debt	<u>\$ 70,000</u>	<u>\$ --</u>	<u>\$ 70,000</u>	<u>\$ --</u>	<u>\$ --</u>

Total interest expense on general long-term debt in the amount of \$2,450 is included in urban renewal expenses.



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 31, 2016

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

3.F. 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, 2016:

	<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.	\$ 848,857	\$ --	\$ 131,094	\$ 717,763	\$ 135,082
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.	1,250,698	--	85,696	1,165,002	88,083
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	383,460	--	18,568	364,892	18,934
Total Enterprise Fund Debt	<u>\$ 2,483,015</u>	<u>\$ --</u>	<u>\$ 235,358</u>	<u>\$ 2,247,657</u>	<u>\$ 242,099</u>

Total Enterprise Fund debt interest in the amount of \$64,305 has been expensed.

The Town had no general long-term debt as of September 30, 2016.



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016:

Fiscal Year Ending September 30	State Revolving Fund Loans			Total	Interest	Principal
	2001	2008	2011			
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	--	--	12,938	12,938	73	12,865
Total	773,835	1,358,757	427,034	\$ 2,559,626	\$ 311,969	
Less interest	56,077	193,755	62,137			
Principal	\$ 717,558	\$ 1,165,002	\$ 364,897			\$ 2,247,657



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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	\$ --	\$ 17,868	\$ --
Nonmajor Governmental	--	796,081	--
Total General Fund	<u>--</u>	<u>813,949</u>	<u>--</u>
 Total Nonmajor Funds			
General	17,868	--	--
Total Governmental Funds	<u>17,868</u>	<u>--</u>	<u>--</u>
 Enterprise Fund:			
General	796,081	--	--
Total Enterprise Fund	<u>796,081</u>	<u>--</u>	<u>--</u>
 Grand Totals	<u>\$ 813,949</u>	<u>\$ 813,949</u>	<u>\$ --</u>

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 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	\$ 54,321
Fire Protection	Law	471,813
Total Restricted Net Positions for Other Purposes		<u>\$ 526,134</u>

Committed Fund Equity

Interest expense of governmental fund debt in the amount of \$2,450 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, 2016

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 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 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 become members 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 become 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, 2016 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, 2016, 2015, and 2014 were \$183,403, \$193,196, and \$157,524 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, 2016

4.A. DEFINED BENEFIT PENSION PLAN (continued)

At September 2016, the Town reported a liability of \$3,322,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the Town's proportion was .018602%.

For the year ended September 30, 2016, the Town recognized pension expense \$506,836. At September 30, 2016 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	\$ 66,049	\$ -0-
Net earnings between projected and actual experience on pension plant investments	180,082	-0-
Change of assumptions	111	-0-
Change in proportion and differences between Town Contributions and proportionate share of contributions	-0-	-0-
Town contributions subsequent to the measurement date	<u>68,849</u>	<u>-0-</u>
Total	<u>\$ 315,091</u>	<u>\$ -0-</u>

\$315,091 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, 2017. 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:

2017	\$140,547
2018	71,698
2019	57,826
2020	45,020
Thereafter	<u>-0-</u>
	<u>\$315,091</u>

Actuarial assumptions. The total liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00 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 2016.



TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

4.A. DEFINED BENEFIT PENSION PLAN (continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience reported is dated October 21, 2016.

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 7.75%. 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 (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of net pension liability	\$4,260,551	\$3,322,782	\$2,544,737

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, 2016

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	\$ 38,374
(Renewal option \$12,986 per yr.)	04/01/2017 - 04/01/2021	--	64,930
(Renewal option \$16,233 per yr.)	04/01/2021 - 04/01/2026	--	--
Grocery Store (\$1,500 per mo.)	on a month-to-month basis	9,000	--
Deli (\$500 per mo.)	on a month-to-month basis	3,000	--
Tower Space (\$1,041.86 per mo.) (AT&T)	04/01/2016 - 03/31/2020	13,085	56,260
Tower Space (\$880 per mo.) (CSPIRE)	02/18/2016 - 02/17/2020	10,560	45,760
		<u>\$ 112,392</u>	<u>\$ 205,324</u>

Minimum future rentals are \$192,337 collectible annually as follows:

Year Ending September 30	Minimum Future Rentals
2017	\$ 48,145
2018	36,048
2019	36,048
2020	36,048
2021	36,048
	<u>\$ 192,337</u>

Leased assets have a total cost basis of \$1,912,634 and a total net book value of \$1,106,930 at September 30, 2016. Depreciation expense on the assets was \$32,435 for the year ended September 30, 2016.

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>

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TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 28, 2017, which is the date the financial statements were available to be issued.



TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGET BASIS)
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budget Basis	Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem taxes	\$ 172,161	\$ 172,161	\$ 190,960	\$ 18,799
Licenses and permits	6,000	6,000	5,879	(121)
Police fines	97,000	97,000	54,137	(42,863)
Gaming taxes	1,750,000	1,750,000	3,639,589	1,889,589
Sales tax	510,000	510,000	326,994	(183,006)
Franchise taxes	59,500	59,500	52,668	(6,832)
Gasoline taxes	3,500	3,500	3,154	(346)
Liquor taxes	3,000	3,000	4,050	1,050
Road and bridge tax	39,000	39,000	--	(39,000)
Grand Gulf	15,000	15,000	14,993	(7)
Grants	8,000	8,000	12,140	4,140
General municipal aid	--	--	--	--
Municipal Court fund	475	475	249	(226)
Sale of equipment	--	--	7,070	7,070
Miscellaneous	1,000	1,000	600	(400)
Rent	20,700	20,700	23,645	2,945
Interest	2,000	2,000	5,959	3,959
Total Revenues	<u>2,687,336</u>	<u>2,687,336</u>	<u>4,342,087</u>	<u>1,654,751</u>
Transfers in - Fire	30,000	30,000	--	(30,000)
Transfers out - Urban renewal	(2,000)	(2,000)	(17,868)	(15,868)
Transfers out - Water	(275,000)	(275,000)	(796,081)	(521,081)
Total Revenues and Transfers	<u>2,440,336</u>	<u>2,440,336</u>	<u>3,528,138</u>	<u>1,087,802</u>
Beginning balance	<u>950,000</u>	<u>950,000</u>	<u>3,081,006</u>	<u>2,131,006</u>
Total From All Sources	<u>\$ 3,390,336</u>	<u>\$ 3,390,336</u>	<u>\$ 6,609,144</u>	<u>\$ 3,218,808</u>
Expenditures:				
Municipal Court:				
Personnel	\$ 76,558	\$ 76,558	\$ 85,846	\$ (9,288)
Supplies	4,000	4,000	2,165	1,835
Services	48,050	48,050	13,392	34,658
Capital outley	--	--	8,311	(8,311)
	<u>128,608</u>	<u>128,608</u>	<u>109,714</u>	<u>18,894</u>
Administrative:				
Personnel	383,660	383,660	335,906	47,754
Supplies	20,000	20,000	13,606	6,394
Services	158,900	158,900	201,922	(43,022)
Capital Outlay	--	--	--	--
	<u>562,560</u>	<u>562,560</u>	<u>551,434</u>	<u>11,126</u>
Municipal Complex:				
Supplies	1,000	1,000	1,322	(322)
Services	27,600	27,600	34,904	(7,304)
	<u>28,600</u>	<u>28,600</u>	<u>36,226</u>	<u>(7,626)</u>
Shop Maintenance:				
Personnel	49,442	49,442	52,238	(2,796)
Supplies	28,000	28,000	26,497	1,503
Services	20,200	20,200	16,512	3,688
	<u>97,642</u>	<u>97,642</u>	<u>95,247</u>	<u>2,395</u>



TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Favorable
				(Unfavorable)
Expenditures: (continued)				
Police Department:				
Personnel	\$ 481,499	\$ 481,499	\$ 525,223	\$ (43,724)
Supplies	54,500	54,500	35,001	19,499
Services	89,800	89,800	71,339	18,461
Capital outlay	--	--	15,466	(15,466)
	<u>625,799</u>	<u>625,799</u>	<u>647,029</u>	<u>(21,230)</u>
Fire Department:				
Supplies	18,500	18,500	21,557	(3,057)
Services	66,450	66,450	97,575	(31,125)
Capital outlay	10,000	10,000	--	10,000
	<u>94,950</u>	<u>94,950</u>	<u>119,132</u>	<u>(24,182)</u>
Parks and Recreation:				
Personnel	--	--	--	--
Supplies	6,500	6,500	3,249	3,251
Services	18,800	18,800	2,242	16,558
	<u>25,300</u>	<u>25,300</u>	<u>5,491</u>	<u>19,809</u>
Streets:				
Personnel	209,136	209,136	203,002	6,134
Supplies	85,100	85,100	73,532	11,568
Services	125,950	125,950	359,798	(233,848)
Capital outlay	--	--	1,899	(1,899)
	<u>420,186</u>	<u>420,186</u>	<u>638,231</u>	<u>(218,045)</u>
Special Projects:				
Animal control	--	--	3,000	(3,000)
Chamber of Commerce	18,000	18,000	35,311	(17,311)
Library	--	--	42,132	(42,132)
Airport	--	--	5,500	(5,500)
	<u>18,000</u>	<u>18,000</u>	<u>85,943</u>	<u>(67,943)</u>
Main Street	26,250	26,250	41,658	(15,408)
	<u>26,250</u>	<u>26,250</u>	<u>41,658</u>	<u>(15,408)</u>
Total Expenditures	2,027,895	2,027,895	2,330,105	(302,310)
Ending Balance	1,362,441	1,362,441	4,279,039	(2,916,598)
Total Expenditures and Ending Balance	\$ 3,390,336	\$ 3,390,336	\$ 6,609,144	\$ (3,218,908)

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, 2016

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.	\$ 6,609,144
Adjustments:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for GAAP reporting.	(3,081,606)
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	(1,806,929)
Sales tax	9,689
Franchise taxes	(2,716)
Rent income	<u>--</u>
	(1,799,956)
Reclassifications:	
Budgetary general fund transfers out reclassified.	<u>813,949</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	\$ <u><u>2,541,531</u></u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules.	\$ 6,609,144
Adjustments:	
The fund balance at the end of the year is a budgetary use but is not a current year expenditure for GAAP reporting.	(4,279,039)
Reclassifications:	
Budgetary general fund transfers out are reclassified.	<u>(41,658)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	\$ <u><u>2,288,447</u></u>

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TOWN OF TUNICA, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Special Revenue</u>		<u>Total</u>
	<u>Fire</u>	<u>Urban</u>	<u>Non-major</u>
	<u>Protection</u>	<u>Renewal</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Assets:			
Cash			
Unrestricted	\$ --	\$ --	\$ --
Restricted	470,691	60,760	531,451
Due from Tunica County	1,122	--	1,122
Rent receivable	--	--	--
Total Assets	\$ <u>471,813</u>	\$ <u>60,760</u>	\$ <u>532,573</u>
Liabilities:			
Accounts payable	\$ --	\$ 43	\$ 43
Unearned rent	--	6,396	6,396
Total Liabilities	<u>--</u>	<u>6,439</u>	<u>6,439</u>
Fund Balances:			
Nonspendable			
Restricted	471,813	54,321	526,134
Unassigned	--	--	--
Total Fund Balances	<u>471,813</u>	<u>54,321</u>	<u>526,134</u>
Total Liabilities and Fund Balances	\$ <u>471,813</u>	\$ <u>60,760</u>	\$ <u>532,573</u>



TOWN OF TUNICA, MISSISSIPPI
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>Fire Protection Fund</u>	<u>Urban Renewal Fund</u>	<u>Total Non-major Governmental Funds</u>
Revenues:			
County fire protection millage	\$ 44,631	\$ --	\$ 44,631
State fire rebate	6,433	--	6,433
County fire rebate	50,855	--	50,855
State fire rebate, training	172	--	172
Rent - Post office	--	76,747	76,747
Rent - Grocery	--	9,000	9,000
Rent - Deli	--	3,000	3,000
Interest income	403	23	426
Grants	--	--	--
Fees and other	--	--	--
Total Revenues	<u>102,494</u>	<u>88,770</u>	<u>191,264</u>
Expenditures:			
Personnel	--	--	--
Supplies	--	475	475
Services	--	10,983	10,983
Capital outlay	--	24,755	24,755
Debt principal	--	70,000	70,000
Debt interest	--	2,450	2,450
Total Expenditures	<u>--</u>	<u>108,663</u>	<u>108,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>102,494</u>	<u>(19,893)</u>	<u>82,601</u>
Other Financing Sources (uses):			
Transfers in	--	17,868	17,868
Transfers out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>17,868</u>	<u>17,868</u>
Change in Fund Balances	102,494	(2,025)	100,469
Fund Balance - Beginning of Year	<u>369,319</u>	<u>56,346</u>	<u>425,665</u>
Fund Balance - Ending of Year	<u>\$ 471,813</u>	<u>\$ 54,321</u>	<u>\$ 526,134</u>

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TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)
NON-MAJOR GOVERNMENTAL FUNDS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016

	Fire Protection Fund		Urban Renewal Fund	
	Budget	Actual	Budget	Actual
Revenues:				
County fire protection millage	\$ 35,000	\$ 44,631	\$ --	\$ --
State fire rebate	5,600	6,433	--	--
County fire rebate	25,000	50,855	--	--
State rebate - Training	--	172	--	--
Rent - Post office	--	--	76,747	76,747
Rent - Grocery	--	--	18,000	9,000
Rent - Deli	--	--	6,000	3,000
Interest income	425	403	30	23
Grants	--	--	--	--
Fees and other	--	--	--	--
Transfers in	--	--	2,000	17,868
Total Revenues	66,025	102,494	102,777	106,638
Beginning balance	357,738	369,319	63,158	56,346
Total From All Sources	\$ 423,763	\$ 471,813	\$ 165,935	\$ 162,984
Expenditures:				
Personnel	\$ --	\$ --	\$ --	\$ --
Supplies	--	--	--	475
Services	--	--	33,000	10,983
Promotion and advertising	--	--	--	--
Grants	--	--	--	--
Capital outlay	--	--	--	24,755
Debt principal	--	--	70,000	70,000
Debt interest	--	--	2,450	2,450
Transfers out	30,000	--	--	--
Total Expenditures	30,000	--	105,450	108,663
Ending Balance	393,763	471,813	60,485	54,321
Total Expenditures and Ending Balance	\$ 423,763	\$ 471,813	\$ 165,935	\$ 162,984
Revenues over (under)				
Adjustments to reconcile with revenues over (under) expenditures				
Revenues for budget basis are reported when received. Revenues collected within 60 days after year end are included in GAAP basis fund revenues				
Beginning balance is not revenue		(369,319)		(56,346)
Ending balance is not an expenditure		471,813		54,321
Revenues over (under) expenditures GAAP basis		\$ 102,494		\$ (2,025)

See independent auditor's report.



TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES, TRANSFERS AND EXPENDITURES
COMPARED TO BUDGET NON-GAAP BUDGETARY BASIS
PROPRIETARY FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>(Unfavorable)</u>
			<u>Basis</u>	
Revenues and Transfers:				
Charges for services				
Water revenues	\$ 425,000	\$ 425,000	\$ 499,601	\$ 74,601
Sewer revenues	385,000	385,000	455,509	70,509
Garbage revenues	84,000	84,000	87,368	3,368
Service fees	21,000	21,000	13,655	(7,345)
Late fees	25,000	25,000	26,381	1,381
Capital grant	--	--	30,375	30,375
Miscellaneous	1,200	1,200	4,952	3,752
Interest	400	400	213	(187)
Transfers	275,000	275,000	796,081	521,081
Total Revenues and Transfers	1,216,600	1,216,600	1,914,135	697,535
Expenditures:				
Public Health				
Personnel	\$ 122,803	\$ 122,803	\$ 115,075	\$ 7,728
Supplies	13,500	13,500	29,347	(15,847)
Services	32,500	32,500	38,560	(6,060)
	<u>168,803</u>	<u>168,803</u>	<u>182,982</u>	<u>(14,179)</u>
Water:				
Personnel	280,042	280,042	248,891	31,151
Supplies	95,600	95,600	105,870	(10,270)
Services	161,100	161,100	124,046	37,054
Capital outlay	--	--	--	--
	<u>536,742</u>	<u>536,742</u>	<u>478,807</u>	<u>57,935</u>
Sewer:				
Personnel	100,152	100,152	95,774	4,378
Supplies	102,000	102,000	103,449	(1,449)
Services	58,850	58,850	39,566	19,284
Capital Outlay	--	--	--	--
	<u>261,002</u>	<u>261,002</u>	<u>238,789</u>	<u>22,213</u>
Notes payable	299,664	299,664	64,304	235,360
Total Expenditures	1,266,211	1,266,211	964,882	301,329
Revenues and Transfers over (under) Expenditures	\$ (49,611)	\$ (49,611)	\$ 949,253	\$ 998,864
Reconciliation with change in net-position:				
Principal paid on notes payable			--	
Depreciation			333,950	
Capital outlay			--	
Change in Net-Position			\$ 615,303	

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TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF PROPERTY TAXES (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2016

	<u>Assessed Value</u>	<u>Mills</u>	<u>Tax</u>
ASSESSED VALUATION:			
City Tax:			
Real Property	\$ 6,310,718	24.5	\$ 154,612
Personal Property	1,006,963	24.5	24,671
Public Utilities	476,683	24.5	11,679
Mobile Homes	1,075	24.5	26
Motor Vehicles	2,061,152	24.5	50,498
Total	<u>\$ 9,856,591</u>		<u>\$ 241,486</u>

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AUG 28 2017

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF SURETY BONDS (UNAUDITED)
SEPTEMBER 30, 2016

<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.

Tel: (901) 755-1351
Fax: (877) 663-6010

McCune & Bell CPA's, PLLC
Certified Public Accountants
152 Timber Creek Drive, Suite 4
Cordova, TN 38018

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

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

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Tunica as of and for the year ended September 31, 2016, 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 28, 2017

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AUG 28 2017

