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Chuck Cariker
Mayor

Town of Tunica

Board of Aldermen

Kate Scott Pennock
Town Clerk

**P. O. Box 395
909 River Road
Tunica, Mississippi 38676
(662) 363-2432
<https://townoftunica.com>**

**Jack Graves
Brad Beach
Andy Dulaney
Brooks Taylor
Billy Willis**

September 28, 2018

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, 2017. 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,



Kate Scott Pennock, Clerk
Town of Tunica

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

March 15, 2018

McCune & Bell CPA's, PLLC
5050 Poplar Ave
Suite 2030
Memphis, TN 38157

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, 2017, 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 March 15, 2018 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 28, 2017, 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.

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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 Town of Tunica and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. 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. 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 in accordance with GASB 34.
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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McCUNE & BELL CPA's, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
5050 Poplar Avenue, Suite 2030 | Memphis, TN 38157
(901) 755-1351 | (877) 633-6910 Fax

September 20, 2018

Chuck Cariker
Town of Tunica
909 River Road
Tunica, MS 38676

Dear Mayor:

Enclosed are (10) copies of the audited financial statement for the Town of Tunica for the fiscal year ending September 30, 2017.

We sincerely appreciate this opportunity to serve you. Please contact us if you have any questions or if we may be of further assistance.

Sincerely,

Jeffrey S. McCune CPA CGMA

TOWN OF TUNICA, MISSISSIPPI
FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED SEPTEMBER 30, 2017

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McCUNE & BELL CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
5050 Poplar Avenue, Suite 2030 | Memphis, TN 38157
(901) 755-1351 | (877) 633-6910 Fax

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, 2017, 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, 2017, 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

March 15, 2018

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017

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, 2017, with the fiscal year ended September 30, 2016 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 \$10,071,158 (net position). Of this amount, \$4,089,769 (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 increased during the year by \$1,111,564 while business-type activities net position increased by \$113,225 resulting in a total net position increase of \$1,224,789. The increase in governmental net assets was due primarily to increased property tax revenue and a significant increase in court fines, and a reduction of pension costs.

Fund Level:

As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,085,853. Of this amount \$3,767,132 is unassigned and available for use within the Town's designation and policies. The remaining balance of \$2,318,727 was non-spendable, restricted or committed for specific purposes. The governmental fund balance sheet appears on page 10. The proprietary funds reported a total net position of \$4,085,305 consisting of \$3,762,668 invested in capital assets, net of related debt and \$322,637 unrestricted.

Long-term Debt:

The Town's debt payable decreased during the year by \$242,098 to a total of \$2,005,559. 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 \$2,951,816.

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.

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.

TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

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 \$ 10,171,158 at September 30, 2017.

The largest portion of the Town's net position, \$8,470,835, 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 \$618,245 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$4,089,769 may be used to meet the government's ongoing obligation to citizens and creditors. Total net position of governmental activities increased by \$1,111,564 from \$4,974,289 to \$6,085,853, primarily due to a change in fines revenues and to reductions in 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	
	2017	2016	2017	2016	2017	2016
Assets	\$ 4,304,473	\$ 3,475,572	\$ 452,148	\$ 373,748	\$ 4,756,621	\$ 3,849,320
Capital Assets	4,708,167	4,969,023	5,768,227	6,052,724	10,476,394	11,021,747
Total Assets	9,012,640	8,444,595	6,220,375	6,426,472	15,233,015	14,871,067
Deferred Outflows of Resources	174,432	315,091	-	-	174,432	315,091
Current and Other	87,853	462,615	378,543	377,575	466,396	840,190
Long Term Liabilities	2,951,816	3,322,782	1,756,527	2,076,817	4,708,343	5,399,599
Total Liabilities	3,039,669	3,785,397	2,135,070	2,454,392	5,174,739	6,239,789
Deferred Inflows of Resources	61,550	-	-	-	61,550	-
Net Position:						
Net investment in capital assets	4,708,167	4,969,023	3,762,668	3,730,318	8,470,835	8,699,341
Net pension liability	(3,007,691)	(2,500,855)	-	-	(3,007,691)	(2,500,855)
Restricted	618,245	526,134	-	-	618,245	526,134
Unrestricted	3,767,132	1,979,987	322,637	241,762	4,089,769	2,221,749
Total Net Position	\$ 6,085,853	\$ 4,974,289	\$ 4,085,305	\$ 3,972,080	\$ 10,171,158	\$ 8,946,369

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TOWN OF TUNICA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

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	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 1,121,180	\$ 1,087,466	\$ 1,121,180	\$ 1,087,466
Licenses and permits	5,992	5,879	-	-	5,992	5,879
Police fines	670,368	54,486	-	-	670,368	54,486
Rent	96,103	112,392	-	-	96,103	112,392
Contributions and grants	5,767	69,600	-	30,375	5,767	99,975
Total Program Revenues	778,230	242,357	1,121,180	1,117,841	1,899,410	1,360,198
General Revenues:						
Property taxes	310,136	235,592	-	-	310,136	235,592
Gaming taxes	1,822,862	1,832,660	-	-	1,822,862	1,832,660
Sales tax	438,178	336,683	-	-	438,178	336,683
Franchise taxes	51,333	49,952	-	-	51,333	49,952
Gasoline taxes	3,668	3,154	-	-	3,668	3,154
Liquor taxes	3,600	4,050	-	-	3,600	4,050
Nuclear plant	14,837	14,993	-	-	14,837	14,993
Gain on disposition of assets	14,613	4,927	-	-	14,613	4,927
Miscellaneous	5,687	500	-	-	5,687	500
Interest	10,150	6,240	262	213	10,412	6,453
Total General Revenues	2,675,064	2,488,751	262	213	2,675,326	2,488,964
Total Revenues	3,453,294	2,731,108	1,121,442	1,118,054	4,574,736	3,849,162
Expenses:						
Municipal court	102,554	102,152	-	-	102,554	102,152
Administrative	295,446	1,061,791	-	-	295,446	1,061,791
Municipal complex	39,158	47,226	-	-	39,158	47,226
Shop maintenance	47,367	96,723	-	-	47,367	96,723
Police department	608,699	668,615	-	-	608,699	668,615
Fire department	177,767	190,684	-	-	177,767	190,684
Parks and recreation	32,440	37,879	-	-	32,440	37,879
Streets	578,281	734,153	-	-	578,281	734,153
Special projects	56,304	85,943	-	-	56,304	85,943
Main Street	28,136	41,658	-	-	28,136	41,658
Urban Renewal	55,859	41,923	-	-	55,859	41,923
Interest expense	-	2,450	-	64,304	-	66,754
Water, Sewer and Sanitation	-	-	1,327,936	1,234,528	1,327,936	1,234,528
Total Expenses	2,022,011	3,111,197	1,327,936	1,298,832	3,349,947	4,410,029
Increase (decrease) before transfers	1,431,283	(380,089)	(206,494)	(180,778)	1,224,789	(560,867)
Transfers	(319,719)	(796,081)	319,719	796,081	-	-
Change in Net Position	1,111,564	(1,176,170)	113,225	615,303	1,224,789	(560,867)
Less: Main Street	-	(9,854)	-	-	-	(9,854)
Net Position, Beginning	4,974,289	6,160,313	3,972,080	3,356,777	8,946,369	9,517,090
Net Position Ending	\$ 6,085,853	\$ 4,974,289	\$ 4,085,305	\$ 3,972,080	\$ 10,171,158	\$ 8,946,369

TOWN OF TUNICA, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

Capital assets acquired by governmental activities during the current fiscal year totaled \$33,073, while dispositions were \$66,068. The public utility fund acquired \$152,964 of capital assets with no dispositions.

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, 2017 totaled \$10,062,192 with accumulated depreciation of \$5,354,025 leaving a net capital asset balance of \$4,708,167.

Business-type activities capital assets for the year ended September 30, 2017 totaled \$13,295,221 with accumulated depreciation of \$7,526,994 leaving a net capital assets balance of \$5,768,227.

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. The Town has no general obligation 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 \$1,492,310, at fiscal year ended September 30, 2017. 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, 2017 the 20% limit for the Town of Tunica was \$1,989,747. The Town had no outstanding debt subject to this limit as of September 30, 2017.

At the end of the current fiscal year, the Town of Tunica had SRFL loans totaling \$2,005,199 which are secured by a pledge of sales tax revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Actual budget-basis revenues of the General Fund for 2016-2017 were favorable to the budget by \$15,924.

In the fiscal year 2017-2018 Budget, General Fund revenues are budgeted to be \$2,476,150 before transfers, a decrease of \$210,754 from 2016-2017 actual budget-basis revenues \$2,687,054. Actual budget basis gaming revenues of \$1,799,644 represented 67% of budget based revenues for 2016-2017.

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 \$1,638,000 for the 2017-2018 budget year as compared to the budgeted amount of \$1,788,000 for 2016-2017. The General Fund has committed \$4,561,342 in the 2017-2018 budget.

The General Fund budget for 2017-2018 includes \$60,000 in transfers in from the fire protection fund and transfers out of \$400,000 for the water, sewer, and sanitation fund.

Public Utility charges for services are budgeted to be \$1,103,165 for 2017-2018. This represents an increase of \$26,365 over the 2016-2017 budget. The Public Utility Fund is budgeted to operate at a deficit of \$453,645 for 2017-2018. The deficit is funded by transfers of gaming revenues and sales tax revenues from the General Fund of \$400,000 and \$103,300 of the beginning fund balance.

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

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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash	\$ 2,671,967	\$ 140,572	\$ 2,812,539
Receivables (net of allowance for doubtful accounts):			
Franchise taxes	12,932	-	12,932
Accounts receivable	318,166	236,560	554,726
Uncollectable accounts receivable	318,166	-	318,166
Due from other governments	-	-	-
Gaming taxes	304,719	-	304,719
Sales taxes	67,538	-	67,538
Fire allocation	3,807	-	3,807
Claim due from Tunica County	92,719	-	92,719
Restricted assets:			
Cash	514,459	75,016	589,475
Capital assets (net)	4,708,167	5,768,227	10,476,394
Total Assets	\$ 9,012,640	\$ 6,220,375	\$ 15,233,015
Deferred Out Flows - Pension	174,432	-	174,432
Liabilities:			
Accounts payable	\$ 56,460	\$ 41,820	\$ 98,280
Accrued expenses	31,393	8,603	39,996
Due to other funds	-	-	-
Payable from restricted assets:	-	-	-
Deposits	-	79,088	79,088
Unearned revenue	-	-	-
Other liabilities:	-	-	-
Debt due within one year	-	249,032	249,032
Debt due in more than one year	-	1,756,527	1,756,527
Net Pension Liability	2,951,816	-	2,951,816
Total Liabilities	\$ 3,039,669	\$ 2,135,070	\$ 5,174,739
Deferred In Flows - Pension	61,550	-	61,550
Net Position:			
Net investment in capital assets, net of related debt	\$ 4,708,167	\$ 3,762,668	\$ 8,470,835
Restricted for:			
Urban renewal	103,786	-	103,786
Fire equipment	514,459	-	514,459
Pension Liability	(3,007,691)	-	(3,007,691)
Unrestricted	3,767,132	322,637	4,089,769
Total Net Position	\$ 6,085,853	\$ 4,085,305	\$ 10,171,158

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

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	\$ 102,554	\$ 670,368	\$ -	\$ -	\$ 567,814	\$ -	\$ 567,814
Administrative	295,446	29,056	-	-	(266,390)	-	(266,390)
Municipal Complex	39,158	-	-	-	(39,158)	-	(39,158)
Shop maintenance	47,367	-	-	-	(47,367)	-	(47,367)
Police Department	608,699	-	-	-	(608,699)	-	(608,699)
Fire Department	177,767	-	-	-	(177,767)	-	(177,767)
Parks and Recreation	32,440	-	-	-	(32,440)	-	(32,440)
Streets	578,281	-	-	-	(578,281)	-	(578,281)
Special projects	56,304	-	-	-	(56,304)	-	(56,304)
Main Street	28,136	-	-	-	(28,136)	-	(28,136)
Fire Protection	-	-	5,767	-	5,767	-	5,767
Urban renewal	55,859	-	73,039	-	17,180	-	17,180
Total Governmental Activities	2,022,011	699,424	78,806	-	(1,243,781)	-	(1,243,781)
Business-type activities:							
Water, Sewer and Sanitation	1,327,936	1,121,180	-	-	-	(206,756)	(206,756)
Total Government	\$ 3,349,947	\$ 1,820,604	\$ 78,806	\$ -			
General Revenues:							
Property tax					310,136	-	310,136
Gaming taxes					1,822,862	-	1,822,862
Sales tax					438,178	-	438,178
Franchise taxes					51,333	-	51,333
Gasoline taxes					3,668	-	3,668
Liquor taxes					3,600	-	3,600
Nuclear plant					14,837	-	14,837
Gain on disposition of capita					14,613	-	14,613
Miscellaneous					5,687	-	5,687
Interest					10,150	262	10,412
Transfers					(319,719)	319,719	-
Total General Revenues and Transfers					2,355,345	319,981	2,675,326
Change in Net Position					1,111,564	113,225	1,224,789
Net Position, Beginning					4,974,289	3,972,080	8,946,369
Net Position, Ending					\$ 6,085,853	\$ 4,085,305	\$ 10,171,158

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Fire Protection Fund	Aggregate Remaining Fund Information	Total Governmental Funds
Assets:				
Cash				
Unrestricted	\$ 2,560,657	\$ -	\$ 111,310	\$ 2,671,967
Restricted	-	514,459	-	514,459
Receivables				
Court fines	318,166			318,166
Uncollectable accounts receivable	318,166			318,166
Franchise fees	12,932	-	-	12,932
Due from other governments				
Gaming taxes	304,719	-	-	304,719
Property taxes	3,807	-	-	3,807
Sales taxes	67,538	-	-	67,538
Fire allocation	-	-	-	-
Total Assets	\$ 3,585,985	\$ 514,459	\$ 111,310	\$ 4,211,754
Liabilities:				
Accounts payable	56,010	-	450	56,460
Accrued expenses	24,319	-	7,074	31,393
Unearned rent	-	-	-	-
Total Liabilities	80,329	-	7,524	87,853
Fund Balances:				
Nonspendable				
Restricted:				
Revenue bonds	-	-	-	-
Fire equipment	-	514,459	-	514,459
Committed				
Unassigned:				
General fund	3,505,656	-	-	3,505,656
Special revenue funds	-	-	103,786	103,786
Total Fund Balances	3,505,656	514,459	103,786	4,123,901
Total Liabilities and Fund Balances	\$ 3,585,985	\$ 514,459	\$ 111,310	\$ 4,211,754

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TOWN OF TUNICA, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total Fund Balance - Total Governmental Funds **\$ 4,123,901**

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. 4,708,167

Deferred outflows of resources related to pensions are applicable to future periods and, are not reported in the funds. 174,432

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

Legal fees due from Tunica County 92,719

Deferred inflows of resources related to pensions are applicable to future periods and, are not reported in the funds. (61,550)

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

Net pension liability (2,951,816)

Net Position of Governmental Activities **\$ 6,085,853**

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Fire Protection Fund	Aggregate Remaining Fund Information	Total Governmental Funds
Revenues:				
Licenses and permits	\$ 5,992	\$ -	\$ -	\$ 5,992
Police fines	670,200	-	-	670,200
County fire protection millage	-	36,386	-	36,386
State fire rebate	-	5,767	-	5,767
County fire rebate	-	-	-	-
Gaming taxes	1,822,862	-	-	1,822,862
Sales tax	438,178	-	-	438,178
Franchise taxes	51,333	-	-	51,333
Gasoline taxes	3,668	-	-	3,668
Liquor taxes	3,600	-	-	3,600
Road and bridge tax	62,646	-	-	62,646
Grand Gulf	14,837	-	-	14,837
Grants	-	-	-	-
General municipal aid	-	-	-	-
Personal Property taxes	211,104	-	-	211,104
Sale of equipment	21,220	-	-	21,220
Miscellaneous	5,854	-	-	5,854
Rent	23,064	-	73,039	96,103
Interest	9,583	493	74	10,150
Total Revenues	3,344,141	42,646	73,113	3,459,900
Expenditures:				
Current:				
Municipal Court	101,058	-	-	101,058
Administrative	461,723	-	-	461,723
Municipal complex	24,384	-	-	24,384
Shop maintenance	45,891	-	-	45,891
Police department	573,940	-	-	573,940
Fire department	106,215	-	-	106,215
Parks and recreation	53	-	-	53
Streets	482,094	-	-	482,094
Special projects	56,304	-	-	56,304
Main Street	28,136	-	-	28,136
Urban Renewal	-	-	23,648	23,648
Debt Service:			-	-
Capital outlay	33,073	-	-	33,073
Total Expenditures	1,912,871	-	23,648	1,936,519
Excess (Deficiency) of Revenues Over Expenditures	1,431,270	42,646	49,465	1,523,381
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(319,719)	-	-	(319,719)
Total Other Financing Sources (Uses)	(319,719)	-	-	(319,719)
Change in Fund Balances	1,111,551	42,646	49,465	1,203,662
Fund Balance - Beginning	2,394,105	471,813	54,321	2,920,239
Fund Balance - Ending	3,505,656	\$ 514,459	\$ 103,786	\$ 4,123,901

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, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ 1,203,662**

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. 33,073

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. (287,322)

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. (6,607)

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 168,757

Change in Net Position of Governmental Activities **\$ 1,111,563**



See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017

Assets:	Public Utility
Current Assets:	
Cash	\$ 140,572
Accounts receivable	236,560
Total current assets	<u>377,132</u>
Noncurrent assets:	
Restricted cash	75,016
Capital assets (net)	5,768,227
Total noncurrent assets	<u>5,843,243</u>
Total Assets	<u>6,220,375</u>
Liabilities:	
Current liabilities:	
Accounts payable	41,820
Current maturities, long-term debt	249,032
Accrued expenses	8,603
Total current liabilities	<u>299,455</u>
Liabilities payable from restricted assets:	
Meter deposits payable	79,088
Total liabilities payable from restricted assets	<u>79,088</u>
Noncurrent liabilities:	
Long-term debt	1,756,527
Total noncurrent liabilities	<u>1,756,527</u>
Total Liabilities	<u>2,135,070</u>
Net Position:	
Net investment in capital assets, net of related debt	3,762,668
Unrestricted	322,637
Total Net Position	<u>\$ 4,085,305</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, 2017

	Public Utility
Operating Revenues:	
Charges for services	\$ 1,121,180
Operating Expenses:	
Personnel	482,920
Supplies	223,249
Services	201,496
Depreciation	362,706
Total Operating Expenses	1,270,371
Operating (loss)	(149,191)
Non-Operating Revenues (Expenses):	
Interest income	262
Interest expense	(57,565)
Total Non-operating Revenues (Expenses)	(57,303)
Loss before grants and transfers	(206,494)
Transfers-In	319,719
Change in Net Position	113,225
Net Position - Beginning	3,972,080
Net Position - Ending	\$ 4,085,305

See accompanying notes to basic financial statements.

TOWN OF TUNICA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Public Utility</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,077,344
Payments to suppliers	(516,589)
Payments to employees	(476,129)
Net Cash (Used) by Operating Activities	<u>84,626</u>
Cash Flows from Non-Capital Financing Activities:	
Customer meter deposits	7,829
Operating subsidies and transfers from other funds	319,719
Net Cash Provided by Non-Capital Financing Activities	<u>327,548</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on capital debt	(242,098)
Interest paid on capital debt	(57,565)
Purchase of Capital Assets	(152,963)
Net Cash (Used) by Capital and Related Financing Activities	<u>(452,626)</u>
Cash Flows from Investing Activities:	
Interest income	262
Net Cash Provided by Investing Activities	<u>262</u>
Net increase in Cash and Cash Equivalents	(40,190)
Balances - Beginning of the Year	<u>255,778</u>
Balances - End of the Year	\$ <u>215,588</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) in Operating Activities:	
Operating (loss)	\$ (149,191)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	362,706
Change in assets and liabilities:	
Receivables, net	(43,836)
Accounts and other payables	(91,844)
Accrued expenses	6,791
Net Cash (Used) by Operating Activities	\$ <u>84,626</u>
Ending Cash is Presented in the Government-Wide Statement of Net Position as Follows:	
Cash	\$ 140,572
Restricted cash	75,016
	\$ <u>215,588</u>

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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, 2017

	<u>Agency Fund</u>
Assets:	
Cash	\$ 12,594
Total Assets	<u>\$ 12,594</u>
Liabilities:	
Accounts payable	\$ -
Total Liabilities	<u>\$ -</u>
Net Position:	
Held in trust for employees unemployment	\$ -
Total Net Position	<u>\$ 12,594</u>

CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

Additions:	
Investment Income:	
Interest	\$ 12
Contribution from Town of Tunica	\$ -
Change in Net Position	<u>12</u>
 Net Position - Beginning of Year	 <u>12,582</u>
 Net Position - End of Year	 <u>\$ 12,594</u>

See accompanying notes to basic financial statements.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity.

The Town of Tunica, Mississippi (the Town) is a political subdivision of the State of Mississippi. It was incorporated in 1887. The Town is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require the Town to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the Town.

Currently, the Town has no component units.

(b) Basis of Presentation.

The Town's basic financial statements consist of governments-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying notes disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the Town as whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues and are reported separately from business type activities. Business type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business activities of the Town at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of The Town's governmental activities and business type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business type activity or governmental function is self-financing or draws from the general revenues of the .

Fund Financial Statements:

Fund financial statements of the Town 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 expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

(c) Measurement Focus and Basis of Accounting:

The Government-wide, Proprietary Funds, and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the Town. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

The revenues and expenses of Proprietary Funds are classified as operating and non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The Town reports the following major Governmental Fund:

General Fund-This fund is used to account for and report all financial resources not accounted for and reported in another fund.

PROPRIETARY FUND TYPES

Enterprise Funds-These funds are used to account for those operations that are financed and operated in manner similar to private business enterprises or where the has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

The Town reports the following major Proprietary Fund:

Public Utility Fund-This fund is used to account for and report on water and sewer revenues and expenditures.

FIDUCIARY FUND TYPES

Agency Funds-These funds account for various taxes, deposits, and other monies collected or held by the Town, acting in the capacity of an agent, for the distribution to other governmental units or designated beneficiaries.

The Town reports on the following Fiduciary Fund:

Unemployment Fund-This fund used to account for the Town's unemployment security funds.

(d) Account Classifications:

The account classifications used in the financial statements conform to the board classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

(e) Deposits and Investments:

State law authorizes The Town to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, The Town may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, The Town did not invest in any governmental securities during the fiscal year.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

(f) **Receivables:**

Receivables are reported net of allowances for uncollectible accounts, where applicable.

(g) **Inter-fund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Non-current portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(h) **Prepaid Items:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the cost of such items are accounted for as expenditures in the period of acquisition.

(i) **Capital Assets:**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

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

*Lease property capitalization policy and estimated useful life will correspond with the amounts for the assets classification, as listed above.

(j) **Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources.

This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then.

Deferred outflows related to pensions- This amount represents the Town's proportionate share of the deferred outflows of resources reported by the pension plan in which the Town participates. See Note 8 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions-This amount represents the Town's proportionate share of the deferred inflows of resources reported by the pension plan in which the Town participates. See Note 8 for additional details.

(k) **Pensions.**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to /deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported fair value.

(l) **Long-term Liabilities.**

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities or Proprietary Funds Statement of Net Position.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

(m) Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted net position-Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position-All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

Government fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the Town:

Non-spendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale those properties are restricted, committed, or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Aldermen, the Town's highest level of decision-making authority. This formal action is an order of the Board of Aldermen as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount with in the fund that is not classified as non-spendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

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

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

(n) Property Tax Revenues:

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

(o) Intergovernmental Revenues in Governmental Funds:

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(p) Compensated Absences:

Full-time permanent employees are granted vacation benefits of two weeks after one year of service. Vacation time varies with length of service with a maximum of four weeks. Any unused vacation time is rolled over to sick leave. Vacation time cannot be carried over. Sick leave accrues to full-time permanent employees at one day per month. All sick leave must be used or it is rolled over to retirement credit. No liability has been accrued because the amount cannot be estimated.

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**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 2 – DEPOSITS AND INVESTMENTS

The carrying amount of the Town's total deposits with financial institutions at September 30, 2017, was \$3,413,914, and the bank balance was \$3,448,613. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

Interest Rate Risk. The Town does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The Town does not have a formal investment policy that would limit its investments choices or one that addresses credit risk.

Custodial Credit Risk-Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town's investments are in certificates of deposit. These investments are 100% of the Town's total investments and are reported in the General Fund.

NOTE 3 – INTER-FUND TRANSACTIONS AND BALANCES

The following is a summary of inter-fund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Claims Clearing	General	\$4,308
Claims Clearing	Public Utility	326
Payroll Clearing	General	<u>3,522</u>
	Total	<u>\$8,156</u>

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Public Utility	General Fund	<u>\$319,719</u>

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Court fines receivable	\$ 636,332
Gaming revenue receivable	304,719
Legal fees receivable	92,719
Sales tax receivable	67,538
Franchise tax receivable	12,932
Property taxes receivable	<u>3,807</u>
Total Governmental Activities	<u>\$1,118,047</u>
Business-type Activities:	
Customer accounts receivable	<u>\$236,560</u>

NOTE 5 – COURT FINES RECEIVABLE

For many years the Town had not known the amount of court fines receivable due to issues with antiquated court session software and personnel issues at the city court. It was not until July 2017 that the current court clerk was able to reconstruct from old records almost all of the actual fines receivable. An adjustment of \$636,322 was made to reflect the balance as of September 30, 2017. The mayor estimates 50% of the fines receivable balance is uncollectable.

NOTE 6 – RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise fund is as follows:

Public Utility meter deposits	\$77,987
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**TOWN OF TUNICA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2017:

	<u>Balance Oct. 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Sept. 30, 2017</u>
Governmental assets:				
Non-depreciable capital assets:				
Land	\$ 1,116,609	\$ -	\$ -	\$ 1,116,609
Depreciable capital assets:				
Buildings	3,553,949	-		3,553,949
Improvements	1,356,369	-		1,356,369
Machinery & equipment	2,513,300	33,073	(66,068)	2,480,305
Furniture & Fixtures	576,744	-		576,744
Infrastructure	978,215	-		978,215
Mainstreet	-	-	-	-
Total depreciable capital assets	<u>8,978,577</u>	<u>33,073</u>	<u>(66,068)</u>	<u>8,945,582</u>
	<u>10,095,186</u>	<u>33,073</u>	<u>(66,068)</u>	<u>10,062,191</u>
Less accumulated depreciation for :				
Buildings	(1,226,800)	(71,079)		(1,297,879)
Improvements	(836,946)	(54,255)		(891,201)
Machinery & equipment	(1,864,576)	(111,376)	59,461	(1,916,491)
Furniture & Fixtures	(514,354)	(1,701)		(516,055)
Infrastructure	(683,487)	(48,911)		(732,398)
Mainstreet	-	-	-	-
Total accumulated depreciation	<u>(5,126,163)</u>	<u>(287,322)</u>	<u>59,461</u>	<u>(5,354,024)</u>
Total depreciable capital assets, net	<u>3,852,414</u>	<u>(254,249)</u>	<u>(6,607)</u>	<u>3,591,558</u>
Governmental activities capital assets, net	<u>\$ 4,969,023</u>	<u>\$ (254,249)</u>	<u>\$ (6,607)</u>	<u>\$ 4,708,167</u>
	<u>Balance Oct. 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Sept. 30, 2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 584,178	\$ 11,909	\$ (596,087)	\$ -
Land	13,500	-	-	13,500
Total assets not being depreciated	<u>597,678</u>	<u>11,909</u>	<u>(596,087)</u>	<u>13,500</u>
Other capital assets:				
Water and sewer systems	12,023,312	640,505		12,663,817
Machinery & equipment	160,503	96,635	-	257,138
Vehicles	360,765	-	-	360,765
Total other capital assets at historical cost	<u>12,544,580</u>	<u>737,140</u>	<u>-</u>	<u>13,281,720</u>
	<u>13,142,258</u>	<u>749,049</u>	<u>(596,087)</u>	<u>13,295,220</u>
Less accumulated depreciation for :				
Water and sewer systems	(6,726,027)	(343,764)		(7,069,791)
Machinery & equipment	(146,795)	(272)	-	(147,067)

TOWN OF TUNICA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2017:

Vehicles	(291,465)	(18,670)	-	(310,135)
Total accumulated depreciation	(7,164,287)	(362,706)	-	(7,526,993)
Other Capital Assets, Net	5,380,293	374,434	-	5,754,727
Business -type Capital Assets, Net	<u>\$ 5,977,971</u>	<u>\$ 386,343</u>	<u>\$ (596,087)</u>	<u>\$ 5,768,227</u>

Depreciation expense was charged to governmental activities as follows:

Municipal court	\$ 1,496
Administrative	2,480
Municipal complex	14,774
Shop maintenance	1,476
Police department	34,759
Fire department	71,552
Parks and recreation	32,387
Streets	96,187
Urban Renewal	32,211
Total Depreciation Expense	<u>\$ 287,322</u>

Depreciation expense was charged to business-type activities as follows:

Sanitation	\$ 9,744
Water and sewer	352,962
Total depreciation expense	<u>\$ 362,706</u>

NOTE 8 - OPERATING LEASES

As of February 18, 2016 the Town entered into a non-cancellable operating lease agreement, which does not give rise to property rights, with AT&T for the lease of Town owned land for the purpose of providing a space for a cellular phone tower. The operating lease stipulated that the lease would pay approximately \$1,090 per month in lease payments commencing February 18, 2016 for a term of five years.

As of April 1, 2016 the Town entered into a non-cancellable operating lease agreement, which does not give rise to property rights, with C-Spire Wireless for the lease of Town owned land for the purpose of providing space for a cellular phone tower. The operating lease stipulated that the lease would pay approximately \$880 per month in lease payment commencing April 1, 2016 for a term of five years.

As of April 1, 2017 the Town entered into a non-cancellable operating lease agreement, which does not give rise to property rights, with the United States Postal Service for the lease of the post office building owned by the Town for the purpose of providing postal services. The operating lease stipulated that the lease would pay approximately \$1,082 per month in lease payments commencing April 1, 2017 for a term of five years. On April 1, 2022 the monthly lease payments will increase approximately \$1,353 per month for an additional five years.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 8 – OPERATING LEASES (CONTINUED)

The Town receives income from property it leases under non-cancellable leases. Total income from these leases was \$74,503 for the year ended September 30, 2017. The future minimum lease receivables for this lease is as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	\$ 36,624
2019	36,624
2020	36,624
2021	20,864
2022	14,610
2023-2027	<u>73,062</u>
Total Minimum Payments Required	\$ <u>218,408</u>

NOTE 9 – 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.

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**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLAN CONTINUED)

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, 2017 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, 2017, 2016, and 2015 were \$177,860, \$183,403, and \$193,196 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.

At September 30, 2017, the Town reported a liability of \$2,951,816 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the Town's proportion was .017757%.

At September 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 42,408	\$ 19,174
Net difference between projected and actual experience on pension plant investments	-0-	37,898
Change of assumptions	65,608	4,478
Change in proportion and differences between Town	-0-	-0-
Contributions and proportionate share of contributions		
Town contributions subsequent to the measurement date	<u>66,416</u>	<u>-0-</u>
Total	<u>\$ 174,432</u>	<u>\$ 61,550</u>

\$174,432 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:	Deferred Outflows	Deferred Inflows
2018	\$98,468	\$15,464
2019	32,052	15,463
2020	32,053	15,463
2021	11,859	7,580
Thereafter	<u>-0-</u>	<u>7,580</u>
	<u>\$174,432</u>	<u>\$61,550</u>

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLAN CONTINUED)

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	3.25-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-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	27.00%	4.60%
International Equity	18.00	4.50%
Emerging Markets Equity	4.00	4.75%
Fixed Income	18.00	0.75%
Real Assets	10.00	3.50%
Private Equity	8.00	5.10%
Emerging Debt	2.00	2.25%
Cash	<u>1.00</u>	0.00%
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.

**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLAN CONTINUED

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 7.75 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 (6.75 percent) or 1 percentage point higher (8.75 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	\$3,871,504	\$2,951,816	\$2,188,275

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

NOTE 10 – LONG-TERM DEBT

Debt outstanding as of September 30, 2017, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Enterprise Fund Debt:			
Amended loan award dated November 16, 2001 to fund sewer rehabilitation project, payable in month installments of \$12,897 by withholding sales tax.	\$ 582,681	3.00%	September 30, 2021
Amended loan award dated April 18, 2008 to fund wastewater collection sewer rehabilitation project, payable in month installments of \$9,918 by withholding of sales tax.	1,076,920	2.75%	February 14, 2028
Mississippi Department of Health Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) amended loan agreement dated August 29, 2012 payable in monthly installments of \$2,157 , by withholding sales tax.	345,958	1.95%	March 1, 2033
Total Enterprise Fund Debt	<u>\$ 2,005,559</u>		

The town has pledged future sales tax revenues to repay the \$2,005,559 in water and sewer loans. Proceeds from the loans provided financing for major water and sewer upgrades. The loans are paid solely from sales tax revenues and are payable through March 1, 2033. Annual principal and interest payments are expected to require less than 27% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,259,963. Principal and interest paid for the current year and total sales tax revenue were \$299,663 and \$438,178 respectively.

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**TOWN OF TUNICA, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 2017**

NOTE 10 – LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the following debt stated in the Proprietary Fund Statement of Net Position are as follows:

Year Ending September 30:	Principal	Interest
2018	\$ 249,032	\$ 50,631
2019	256,168	43,496
2020	263,509	36,155
2021	271,063	28,601
2022	121,922	22,975
2023-2027	659,750	64,736
2028-2032	171,249	7,737
2033-2037	12,866	73
Total loans payable	<u>\$ 2,005,559</u>	<u>\$ 254,404</u>

Legal Debt Margin- The amount of general obligation debt, excluding specific exempted debt that can be incurred by the Town is limited by state statute. Total outstanding debt during the year can be no greater than 15% of assessed value of the taxable property within the Town, according to the then last completed assessment for taxation. As of September 30, 2017 the Town had no general obligation debt. The Town's water and sewer loans are secured by sales tax revenues and are not considered to be general obligation debt. Therefore, those loans are not subject to legal debt margin requirements.

The following is a summary of changes in long-term liabilities obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2017	Within one year
Business type activities:					
Water & sewer loans	2,247,657	-	242,098	2,005,559	249,032

NOTE 11 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Town of Tunica evaluated activity of the Town through June 8 (the date the financial statements were available to be issued), and determined the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

On March 28, 2018 the Board of Aldermen voted unanimously to accept a settlement of \$350,000 from Tunica County for legal fees resulting from the lawsuit over gaming fees. On May 15, 2018 the settlement agreement was signed, and on May 16, 2018 Tunica County paid the Town.

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGET BASIS)
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budget Basis	Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem taxes	\$ 219,900	\$ 219,900	\$ 207,785	\$ (12,115)
Licenses and permits	4,800	4,800	5,992	1,192
Police fines	33,000	33,000	33,868	868
Gaming taxes	1,788,000	1,788,000	1,799,644	11,644
Sales tax	455,000	455,000	446,549	(8,451)
Franchise taxes	54,000	54,000	51,333	(2,667)
Gasoline taxes	3,500	3,500	3,668	168
Liquor taxes	3,000	3,000	3,600	600
Road and bridge tax	39,000	39,000	62,646	23,646
Grand Gulf	15,000	15,000	14,837	(163)
Grants	3,000	3,000	-	(3,000)
Municipal Court fund	300	300	168	(132)
Sale of equipment	18,630	18,630	18,630	-
Miscellaneous	3,000	3,000	5,687	2,687
Rent	23,000	23,000	23,064	64
Interest	8,000	8,000	9,583	1,583
Total Revenues	2,671,130	2,671,130	2,687,054	15,924
Transfers in - Fire	50,000	50,000	-	50,000
Transfers out - Urban renewal	-	-	-	-
Transfers out - Water	(325,000)	(325,000)	(319,719)	5,281
Total transfers	(275,000)	(275,000)	(319,719)	(44,719)
Total Revenues and Transfers	2,396,130	2,396,130	2,367,335	(28,795)
Beginning balance	2,174,542	2,174,542	4,279,039	2,104,497
Total From All Sources	\$ 4,570,672	\$ 4,570,672	\$ 6,646,374	\$ 2,075,702
Expenditures:				
Municipal Court:				
Personnel	\$ 90,109	\$ 90,109	\$ 89,577	\$ 532
Supplies	3,650	3,650	2,049	1,601
Services	17,450	17,450	9,432	8,018
Capital outlay	-	-	-	-
	111,209	111,209	101,058	10,151
Administrative:				
Personnel	311,115	311,115	308,674	2,441
Supplies	121,000	121,000	20,277	100,723
Services	88,735	88,735	132,772	(44,037)
Capital Outlay	2,112	2,112	2,111	1
	522,962	522,962	463,834	59,128
Municipal Complex:				
Supplies	2,000	2,000	180	1,820
Services	29,750	29,750	24,204	5,546
Capital Outlay	5,000	5,000	-	5,000
	36,750	36,750	24,384	12,366
Shop Maintenance:				
Personnel	42,612	42,612	4,597	38,015
Supplies	31,000	31,000	28,076	2,924
Services	19,000	19,000	13,218	5,782
	92,612	92,612	45,891	46,721

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

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (UNAUDITED) (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Expenditures: (continued)				
Police Department:				
Personnel	\$ 466,440	\$ 466,440	\$ 457,925	\$ 8,515
Supplies	57,500	57,500	50,977	6,523
Services	89,800	89,800	65,038	24,762
Capital outlay	33,000	33,000	27,887	5,113
	<u>646,740</u>	<u>646,740</u>	<u>601,827</u>	<u>44,913</u>
Fire Department:				
Supplies	19,500	19,500	11,440	8,060
Services	96,700	96,700	94,775	1,925
Capital outlay	25,000	25,000	-	25,000
	<u>141,200</u>	<u>141,200</u>	<u>106,215</u>	<u>34,985</u>
Parks and Recreation:				
Personnel	-	-	-	-
Supplies	-	-	53	(53)
Services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>53</u>	<u>(53)</u>
Streets:				
Personnel	237,208	237,208	262,465	(25,257)
Supplies	135,000	135,000	89,479	45,521
Services	147,499	147,499	130,150	17,349
Capital outlay	3,100	3,100	3,075	25
	<u>522,807</u>	<u>522,807</u>	<u>485,169</u>	<u>37,638</u>
Special Projects:				
Animal control	3,600	3,600	3,600	-
Chamber of Commerce	26,800	26,800	35,809	(9,009)
Tunica Main Street	-	-	-	-
Library	12,000	12,000	14,895	(2,895)
House of Grace	2,000	2,000	2,000	-
	<u>44,400</u>	<u>44,400</u>	<u>56,304</u>	<u>(11,904)</u>
Main Street	26,800	26,800	28,136	(1,336)
	<u>26,800</u>	<u>26,800</u>	<u>28,136</u>	<u>(1,336)</u>
Total Expenditures	2,145,480	2,145,480	1,912,871	232,609
Ending Balance	2,425,192	2,425,192	4,733,503	(2,308,311)
Total Expenditures and Ending Balance	<u>\$ 4,570,672</u>	<u>\$ 4,570,672</u>	<u>\$ 6,646,374</u>	<u>\$ (2,075,702)</u>

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TOWN OF TUNICA, MISSISSIPPI
NOTE TO BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017

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.	\$ 6,646,374
Adjustments:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for GAAP reporting.	(4,279,039)
Recognition of court fines receivable not previously recorded	636,332
Sale of police equipment not previously budgeted	2,590
Revenues for budget basis are reported when received. Revenues collected within 60 days after year end are included in GAAP basis fund revenues. The differences in current and prior year accruals are as follows:	
Gaming revenues	23,218
Franchise taxes	(8,371)
Property taxes	<u>3,318</u>
	18,165
Reclassifications:	
Budgetary general fund transfers out reclassified.	<u>319,719</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 3,344,141</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules.	\$ 6,646,374
Adjustments:	
The fund balance at the end of the year is a budgetary use but is not a current year expenditure for GAAP reporting.	(4,733,503)
Reclassifications:	
Budgetary general fund transfers out are reclassified.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 1,912,871</u>

TOWN OF TUNICA, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<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	514,459	103,154	617,613
Due from Tunica County	-	-	-
Rent receivable	-	-	-
Total Assets	\$ 514,459	\$ 103,154	\$ 617,613
Liabilities:			
Accounts payable	\$ -	\$ (632)	(632)
Unearned rent	-	-	-
Total Liabilities	-	(632)	(632)
Fund Balances:			
Nonspendable			
Restricted	514,459	103,786	618,245
Unassigned	-	-	-
Total Fund Balances	514,459	103,786	618,245
Total Liabilities and Fund Balances	\$ 514,459	\$ 103,154	\$ 617,613

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See independent auditor's report.

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, 2017

	Fire Protection Fund		Urban Renewal Fund	
	Budget	Actual	Budget	Actual
Revenues:				
County fire protection millage	\$ 35,000	\$ 36,386	\$ -	\$ -
State fire rebate	5,600	5,593	-	-
County fire rebate	25,000	-	-	-
State rebate - Training	-	174	-	-
Rent - Post office	-	-	44,866	51,439
Rent - Grocery	-	-	18,000	16,200
Rent - Deli	-	-	6,000	5,400
Interest income	250	493	30	74
Grants	-	-	-	-
Fees and other	-	-	-	-
Transfers in	-	-	-	-
Total Revenues	65,850	42,646	68,896	73,113
Beginning balance	393,763	471,813	60,485	54,321
Total From All Sources	\$ 459,613	\$ 514,459	\$ 129,381	\$ 127,434
Expenditures:				
Personnel	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	28,000	23,648
Services	-	-	-	-
Promotion and advertising	-	-	-	-
Grants	-	-	-	-
Capital outlay	-	-	-	-
Debt principal	-	-	-	-
Debt interest	-	-	-	-
Transfers out	50,000	-	-	-
Total Expenditures	50,000	-	28,000	23,648
Ending Balance	409,613	514,459	101,381	103,786
Total Expenditures and Ending Balance	\$ 459,613	\$ 514,459	\$ 129,381	\$ 127,434
Revenues over (under)	15,850	42,646	40,896	49,465
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		(471,813)		(54,321)
Ending balance is not an expenditure		514,459		103,786
Revenues over (under) expenditures GAAP basis		\$ 42,646		\$ 49,465

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, 2017

	Budget		Actual	Favorable
	Original	Final	Budget Basis	(Unfavorable)
Revenues and Transfers:				
Charges for services				
Water revenues	\$ 510,000	\$ 510,000	\$ 510,026	\$ 26
Sewer revenues	465,000	465,000	460,003	(4,997)
Garbage revenues	87,000	87,000	101,365	14,365
Service fees	13,400	13,400	9,690	(3,710)
Late fees	27,500	27,500	29,366	1,866
Capital grant	7,000	7,000	6,991	(9)
Sale of equipment	4,000	4,000	4,000	-
Miscellaneous	3,850	3,850	(262)	(4,112)
Interest	200	200	262	62
Transfers	325,000	325,000	319,719	(5,281)
Total Revenues and Transfers	1,442,950	1,442,950	1,441,160	(1,790)
Expenditures:				
Public Health				
Personnel	\$ 96,353	\$ 96,353	\$ 109,351	\$ (12,998)
Supplies	35,000	35,000	29,763	5,237
Services	33,000	33,000	28,771	4,229
	164,353	164,353	167,885	(3,532)
Water:				
Personnel	236,732	236,732	258,551	(21,819)
Supplies	131,500	131,500	122,916	8,584
Services	133,500	133,500	132,165	1,335
Capital outlay	110,000	110,000	108,545	1,455
	611,732	611,732	622,177	(10,445)
Sewer:				
Personnel	115,542	115,542	115,017	525
Supplies	142,300	142,300	70,570	71,730
Services	46,700	46,700	40,560	6,140
Capital Outlay	60,000	60,000	-	60,000
	364,542	364,542	226,147	138,395
Other				
Notes payable	242,098	242,098	242,106	(8)
Interest expense	-	-	57,565	(57,565)
	242,098	242,098	299,671	(57,573)
Total Expenditures	1,382,725	1,382,725	1,315,880	66,845
Revenues and Transfers over (under) Expenditures	\$ 60,225	\$ 60,225	\$ 125,280	\$ (65,055)
Reconciliation with change in net-position:				
Principal paid on notes payable			242,106	
Depreciation			(362,706)	
Capital outlay			108,545	
Change in Net-Position			\$ 113,225	

See independent auditor's report.

TOWN OF TUNICA, MISSISSIPPI
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	<u>Fire Protection Fund</u>	<u>Urban Renewal Fund</u>	<u>Total Non-major Governmental Funds</u>
Revenues:			
County fire protection millage	\$ 36,386	\$ -	\$ 36,386
State fire rebate	5,593	-	5,593
County fire rebate	-	-	-
State fire rebate, training	174	-	174
Rent - Post office	-	51,439	51,439
Rent - Grocery	-	16,200	16,200
Rent - Deli	-	5,400	5,400
Interest income	493	74	567
Grants	-	-	-
Fees and other	-	-	-
Total Revenues	<u>42,646</u>	<u>73,113</u>	<u>115,759</u>
Expenditures:			
Personnel	-	-	-
Supplies	-	-	-
Services	-	23,648	23,648
Capital outlay	-	-	-
Debt principal	-	-	-
Debt interest	-	-	-
Total Expenditures	<u>-</u>	<u>23,648</u>	<u>23,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>42,646</u>	<u>49,465</u>	<u>92,111</u>
Other Financing Sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	42,646	49,465	92,111
Fund Balance - Beginning of Year	<u>471,813</u>	<u>54,321</u>	<u>526,134</u>
Fund Balance - Ending of Year	<u>\$ 514,459</u>	<u>\$ 103,786</u>	<u>\$ 618,245</u>

TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF PROPERTY TAXES (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017

	<u>Assessed Value</u>	<u>Mills</u>	<u>Tax</u>
ASSESSED VALUATION:			
City Tax:			
Real Property	\$ 6,318,211	24.55	\$ 155,112
Personal Property	964,170	24.55	23,670
Public Utilities	476,683	24.55	11,703
Mobile Homes	1,075	24.55	26
Motor Vehicles	2,188,594	24.55	53,730
Total	<u>\$ 9,948,733</u>		<u>\$ 244,241</u>

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TOWN OF TUNICA, MISSISSIPPI
SCHEDULE OF SURETY BONDS (UNAUDITED)
SEPTEMBER 30, 2017

<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
Mike Nichols	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.



McCUNE & BELL CPA's, PLLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States , the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Tunica, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statement, which collectively comprise the Town of Tunica, Mississippi's basic financial statements, and have issued out report thereon dated March 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tunica's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Tunica's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 function, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "McCune & Bell CPA's PLLC".

McCune & Bell CPA's, PLLC

Memphis, TN

March 15, 2018