

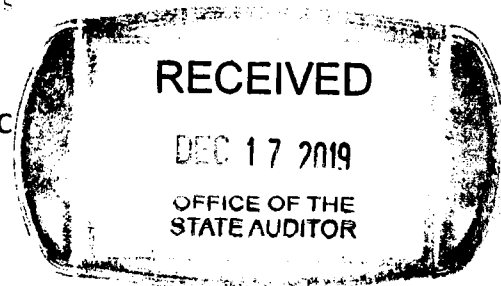


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**TOWN OF TUNICA, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2018**



**Bridgers, Goodman, Baird & Clarke, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**



TOWN OF TUNICA, MISSISSIPPI

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**TOWN OF TUNICA, MISSISSIPPI**

**FINANCIAL SECTION**



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GOVERNMENT AUDIT QUALITY CENTER

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Tunica  
Tunica, Mississippi

### Report on the Financial Statements

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, (the Town) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents.

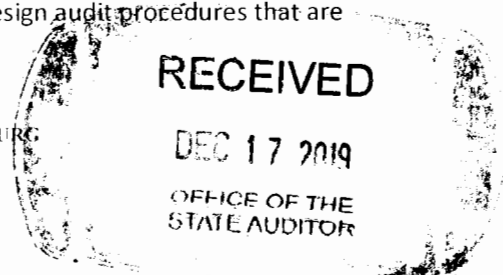
### *Management's Responsibility for the Financial Statements*

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Town of Tunica, Mississippi, as of September 30, 2018, 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, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of Town Contributions 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 Town of Tunica, Mississippi's basic financial statements.

The Schedule of Surety Bonds for Town Officials has 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 it.

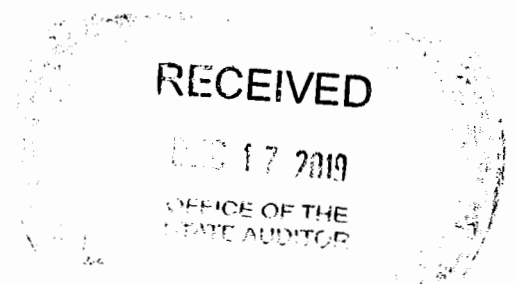
#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2019 on our consideration of Town of Tunica, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Tunica, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Tunica, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

December 1, 2019



**TOWN OF TUNICA, MISSISSIPPI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

Our discussion and analysis of the Town of Tunica's financial performance provides an overview of the Town's financial activities for the year ended September 30, 2018. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Town's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Town of Tunica exceeded its liabilities and deferred inflows at the close of the 2018 fiscal year by \$9,439,531 (net position).
- The net position of the Town includes: \$8,522,192 invested in capital assets, net of related debt; and \$917,339 in restricted and unrestricted net position.
- Total assets decreased \$541,065 or 3.55% from 2017. The decrease is primarily due to the restatement of fines receivable and the corresponding allowance for doubtful accounts.
- Total liabilities decreased by \$137,802 or 2.66% from 2017.
- The Town's total net position decreased \$731,627 or 7.19% from 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town of Tunica, Mississippi's basic financial statements which are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, 3) Notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Figure 1: Required Components of the Town's Annual Report**

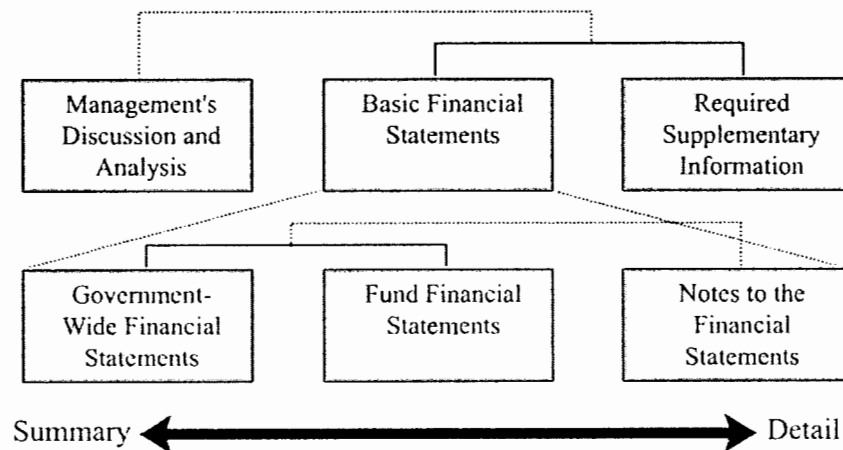


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

Figure 2 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

**Figure 2: Major Features of the Town's Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements		Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town government (except fiduciary funds)	All activities of the Town that are not business-type or fiduciary in nature	Activities of the Town that operate similar to private businesses	The Town is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net position</li> <li>Statement of revenues, expenses and changes in net assets</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Fiduciary Assets and Liabilities</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, and deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018

**1) Government-wide Financial Statements.** The government-wide financial statements presented on pages 16 and 17 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, deferred outflows, liabilities, and deferred inflows, 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 the Town's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the Town include general government, public safety, public works, highways and streets, health and sanitation, culture and recreation, airport, economic development, debt service, and pension expense.

**2) Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Tunica maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures,

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TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018

and changes in fund balances for the General Fund and Fire Fund, which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 18 through 21.

The Town of Tunica adopts an annual budget. Budgetary comparison schedules have been provided on pages 47 through 48 for the General Fund and the Major Fund Fire Funds to demonstrate compliance with this budget.

**Proprietary Funds.** The Town maintains one proprietary fund- an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for water and sewer, and sanitation operations. The fund is financed primarily through user fees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 22 through 24.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town used one fiduciary fund consisting of payroll and claims clearing fund. The fiduciary financial statement of assets and liabilities can be found on page 25.

**3) Notes to the Financial Statements.** The notes, presented on pages 26 through 46, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the Town's budget process and pension standards on pages 46 through 52.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2018, the assets and deferred outflows of the Town of Tunica exceeded its liabilities and deferred inflows by \$9,439,531

By far, the largest portion of the Town's net position (\$8,522,192 or 90.28%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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 because the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

(Table 1)  
**Net Position**

	Governmental Activities		Business-type Activities		Total		Increase	Percentage
	2018	2017	2018	2017	2018	2017	(Decrease)	change
<u>Assets</u>								
Current and other assets	\$ 3,863,989	3,790,014	549,242	377,132	4,413,231	4,167,146	246,085	5.91%
Capital assets, net	4,676,549	5,222,626	5,602,170	5,843,243	10,278,719	11,065,869	(787,150)	-7.11%
Total Assets	8,540,538	9,012,640	6,151,412	6,220,375	14,691,950	15,233,015	(541,065)	-3.55%
<u>Deferred outflows</u>								
	90,275	174,432	38,688	-	128,963	174,432	(45,469)	-26.07%
<u>Liabilities</u>								
Current and other liabilities	87,415	87,853	375,375	378,543	462,790	466,396	(3,606)	-0.77%
Net pension liability	2,133,710	2,951,816	914,447	-	3,048,157	2,951,816	96,341	3.26%
Long-term debt	11,185	-	1,514,805	1,756,527	1,525,990	1,756,527	(230,537)	-13.12%
Total Liabilities	2,232,310	3,039,669	2,804,627	2,135,070	5,036,937	5,174,739	(137,802)	-2.66%
<u>Deferred inflows</u>								
	298,149	61,550	46,296	-	344,445	61,550	282,895	459.62%
<u>Net Position:</u>								
Net investment in								
capital assets	4,676,549	4,708,167	3,845,643	3,762,668	8,522,192	8,470,835	51,357	0.61%
Restricted	689,304	618,245	-	-	689,304	618,245	71,059	11.49%
Unrestricted	734,501	759,441	(506,466)	322,637	228,035	1,082,078	(854,043)	-78.93%
Total Net Position	\$ 6,100,354	6,085,853	3,339,177	4,085,305	9,439,531	10,171,158	(731,627)	-7.19%

The Town's total assets decreased \$541,065 during 2018 with governmental activities showing a decrease of \$472,102 and business-type activities showing a decrease of \$68,963.

The Town's total liabilities decreased \$137,802. The decrease in liabilities was \$807,359 in governmental activities and an increase of \$669,557 in business-type activities. This change is primarily due to the reallocation of pension liability between governmental activities and business-type activities.

The Town's net position decreased \$731,627 over 2017.

Additional information on unrestricted net position:

In connection with the standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position	\$ 228,035
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	3,073,516
Unrestricted net position, exclusive of the net pension liability effect	\$ <u>3,301,551</u>

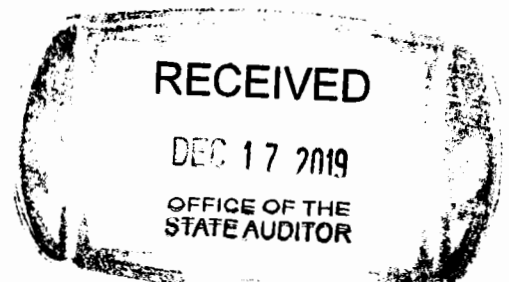
**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

(Table 2)  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2018	2017	2018	2017	2018	2017	(Decrease)	Change
<b>Program Revenues:</b>								
Charges for services	\$		1,157,713	1,121,180	1,157,713	1,121,180	36,533	3.26%
Licenses and permits	7,834	5,992			7,834	5,992	1,842	30.74%
Police fines	26,474	670,368			26,474	670,368	(643,894)	-96.05%
Rent	72,718	96,103			72,718	96,103	(23,385)	-24.33%
Contributions and grants	142,233	5,767			142,233	5,767	136,466	2366.33%
<b>General Revenues:</b>								
Property taxes	178,447	310,136			178,447	310,136	(131,689)	-42.46%
Gaming taxes	2,021,667	1,822,862			2,021,667	1,822,862	198,805	10.91%
Sales tax	402,462	438,178			402,462	438,178	(35,716)	-8.15%
Franchise taxes	55,170	51,333			55,170	51,333	3,837	7.47%
Gasoline taxes	3,668	3,668			3,668	3,668	-	0.00%
Liquor taxes	4,425	3,600			4,425	3,600	825	22.92%
Nuclear plant	14,334	14,837			14,334	14,837	(503)	-3.39%
Gain (loss) on disposition of assets	(5,722)	14,613			(5,722)	14,613	(20,335)	-139.16%
Miscellaneous	12,141	5,687			12,141	5,687	6,454	113.49%
Interest	19,217	10,150	263	262	19,480	10,412	9,068	87.09%
Transfers	(552,902)		552,902		-	-	-	-
<b>Total Revenues</b>	<b>2,402,166</b>	<b>3,453,294</b>	<b>1,710,878</b>	<b>1,121,442</b>	<b>4,113,044</b>	<b>4,574,736</b>	<b>(461,692)</b>	<b>-10.09%</b>
<b>Program Expenses:</b>								
Municipal Court	96,253	102,554			96,253	102,554	(6,301)	-6.14%
Administrative	382,142	295,446			382,142	295,446	86,696	29.34%
Municipal Complex	37,208	39,158			37,208	39,158	(1,950)	-4.98%
Shop maintenance	51,850	47,367			51,850	47,367	4,483	9.46%
Police department	469,283	608,699			469,283	608,699	(139,416)	-22.90%
Fire department	101,958	177,767			101,958	177,767	(75,809)	-42.65%
Parks and recreation		32,440			-	32,440	(32,440)	-100.00%
Streets	634,953	578,281			634,953	578,281	56,672	9.80%
Special projects	96,829	56,304			96,829	56,304	40,525	71.98%
Main Street	23,828	28,136			23,828	28,136	(4,308)	-15.31%
Urban Renewal	64,762	55,859			64,762	55,859	8,903	15.94%
Capital Projects	287,838				287,838	-	287,838	100.00%
Water, Sewer & Sanitation			1,462,360	1,327,936	1,462,360	1,327,936	134,424	10.12%
Pension Expense	179,779		77,049		256,828	-	256,828	100.00%
<b>Total Expenses</b>	<b>2,426,683</b>	<b>2,022,011</b>	<b>1,539,409</b>	<b>1,327,936</b>	<b>3,966,092</b>	<b>3,349,947</b>	<b>616,145</b>	<b>18.39%</b>
<b>Changes in Net Position</b>	<b>\$ (24,517)</b>	<b>1,431,283</b>	<b>171,469</b>	<b>(206,494)</b>	<b>146,952</b>	<b>1,224,789</b>	<b>(1,077,837)</b>	<b>-88.00%</b>

This table does not include the effect of prior period adjustments.

The Town's governmental activities continue to be funded primarily by taxes, which made up approximately 90% of the total revenues. The other major revenue sources were contributions and grants 5% and rental income 3%. The major expense activities were streets, police department, administrative and pension expense which comprise 25%, 19%, 15%, and 10% of total expenses, respectively. The Town remains totally committed to providing the services its residents expect and need.



**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

Business-type activities are accounted for similar to businesses and are primarily supported by user fees.

The Town makes every effort to keep these fees as low as possible.

#### **FUND FINANCIAL ANALYSIS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the year ended, the Town's governmental funds reported a combined fund balance of \$3,877,192 which represents a decrease of \$569,732, including a prior period adjustment of (\$636,332).

Governmental funds meeting the requirements for being reported as major funds include the General Fund and the Fire Fund. The remaining governmental funds were combined and reported as non-major governmental funds. The General Fund had a net change in fund balance of (\$4,459) The previous year saw an adjusted net change in fund balance of \$475,219. The Fire Fund had a net change in fund balance of \$49,422.

#### **Major Fund Budgeting Highlights**

The Town's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2018, the Town amended its General Fund budget. All recommendations for budget changes come from the Town Clerk and are presented to the whole Mayor and Town Council for ordinance enactment on the change. The Town does not allow budget changes that modify line items within departments without council approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. Revisions in the General Fund increased budgeted expenditures by \$108,224.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

At the end of 2018, the Town had \$10,278,719 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, and water and sewer lines. (See Table 3 on the following page.) This amount represents a net decrease (including additions, deletions, and adjustments) of approximately \$197,677 or 1.89% under the prior year.

**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

(Table 3)  
**CAPITAL ASSETS AT YEAR-END**  
(Net of Accumulated Depreciation)

	Government Activities		Business-Type Activities		Totals		Increase (Decrease)	Percentage Change
	2018	2017	2018	2017	2018	2017		
Land	\$ 1,122,609	1,116,609	13,500	13,500	1,136,109	1,130,109	6,000	0.53%
Construction in Progress	6,280	-	-	-	6,280	-	6,280	100.00%
Infrastructure	254,823	245,817	5,271,065	5,594,027	5,525,888	5,839,844	(313,956)	-5.38%
Building and improvements	2,595,904	2,721,238	-	-	2,595,904	2,721,238	(125,334)	-4.61%
Mobile and machinery equipment	591,388	563,815	317,605	160,701	908,993	724,516	184,477	25.46%
Furniture & fixtures	105,545	60,689	-	-	105,545	60,689	44,856	73.91%
<b>Total</b>	<b>\$ 4,676,549</b>	<b>4,708,168</b>	<b>5,602,170</b>	<b>5,768,228</b>	<b>10,278,719</b>	<b>10,476,396</b>	<b>(197,677)</b>	<b>-1.89%</b>

The Town of Tunica continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlights summarize the major projects for the fiscal year of 2017-2018:

The construction in progress of \$6,280 includes a paving project to improve and repair the Town's street infrastructure.

#### Long-term Debt

At year-end, the Town had \$1,782,157 in long-term debt outstanding compared to \$2,005,559 last year, a decrease of \$223,402. Of the total debt outstanding \$1,756,527 is backed by the full faith and credit of the Town with debt service funded by sales tax revenue. The other major component is compensated absences in the amount of \$25,630.

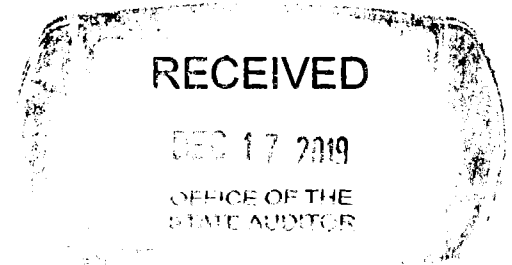
The following table illustrates the total Long-term Debt of the Town of Tunica as of September 30, 2018:

(Table 4)  
**LONG-TERM DEBT**  
Outstanding at Year-end

	Government Activities		Business-Type Activities		Totals		Increase (Decrease)	Percentage Change
	2018	2017	2018	2017	2018	2017		
Other Loans	\$ -	-	1,756,527	2,005,559	1,756,527	2,005,559	(249,032)	-12.42%
Compensated Absences	11,185	-	14,445	-	25,630	-	25,630	100.00%
<b>Totals:</b>	<b>\$ 11,185</b>	<b>-</b>	<b>1,770,972</b>	<b>2,005,559</b>	<b>1,782,157</b>	<b>2,005,559</b>	<b>(223,402)</b>	<b>-11.14%</b>

This table does not include the effect of prior period adjustments.

More detailed information about the Town's long-term liabilities is presented in Note (11) of the Notes to Financial Statements.





**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when compiling and approving the fiscal year 2019 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 24.5 mills is expected to provide adequate funding in the following year.

**CONTACTING THE TOWN'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Town of Tunica at P.O. Box 395, Tunica, Mississippi 38676, or call (662) 363-2432.

**TOWN OF TUNICA, MISSISSIPPI**

**FINANCIAL STATEMENTS**

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**OFFICE OF THE  
STATE AUDITOR**

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	Primary Government Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,258,312	176,747	3,435,059
Receivables:			
Property tax receivable	190,123		190,123
Fines receivable, net of uncollectible	32,282		32,282
Franchise fees receivable	13,977		13,977
Intergovernmental receivable	369,295	814	370,109
Accounts receivable		290,080	290,080
Restricted assets:			
Cash and cash equivalents		81,601	81,601
Capital assets, net			
Land and construction in progress	1,128,889	13,500	1,142,389
Other capital assets, net	3,547,660	5,588,670	9,136,330
<b>Total Assets</b>	<u>8,540,538</u>	<u>6,151,412</u>	<u>14,691,950</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	90,275	38,688	128,963
<b>Total Deferred Outflows of Resources</b>	<u>90,275</u>	<u>38,688</u>	<u>128,963</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	32,021	33,707	65,728
Claims and judgments payable	55,394		55,394
Accrued interest payable		3,900	3,900
Debt due within one year		256,167	256,167
Debt due in more than one year		1,500,360	1,500,360
Net Pension Liability	2,133,710	914,447	3,048,157
Compensated absences	11,185	14,445	25,630
Liabilities payable from restricted assets-Customer deposits		81,601	81,601
<b>Total Liabilities</b>	<u>2,232,310</u>	<u>2,804,627</u>	<u>5,036,937</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	108,026	46,296	154,322
Deferred revenues-property tax	190,123		190,123
<b>Total Deferred Inflows of Resources</b>	<u>298,149</u>	<u>46,296</u>	<u>344,445</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	4,676,549	3,845,643	8,522,192
Restricted:			
General Government	125,423		125,423
Public safety	563,881		563,881
Unrestricted	734,501	(506,466)	228,035
<b>Total Net Position</b>	<u>\$ 6,100,354</u>	<u>3,339,177</u>	<u>9,439,531</u>

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**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Municipal Court	\$ 96,253	26,474		(69,779)		(69,779)
Administrative	382,142	7,834		(374,308)		(374,308)
Municipal Complex	37,208			(37,208)		(37,208)
Shop maintenance	51,850			(51,850)		(51,850)
Police Department	469,283			(469,283)		(469,283)
Fire Department	101,958			(101,958)		(101,958)
Streets	634,953			(634,953)		(634,953)
Special Projects	96,829			(96,829)		(96,829)
Main Street	23,828			(23,828)		(23,828)
Fire Protection			132,292	132,292		132,292
Urban Renewal	64,762		72,718	7,956		7,956
Capital projects	287,838		9,941	(277,897)		(277,897)
Pension Expense	179,779			(179,779)		(179,779)
<b>Total governmental activities</b>	<b>2,426,683</b>	<b>34,308</b>	<b>214,951</b>	<b>(2,177,424)</b>		<b>(2,177,424)</b>
<b>Business-type activities:</b>						
Utility Fund	1,539,409	1,157,713			(381,696)	(381,696)
<b>Total business-type activities</b>	<b>1,539,409</b>	<b>1,157,713</b>	<b>-</b>		<b>(381,696)</b>	<b>(381,696)</b>
<b>Total primary government</b>	<b>\$ 3,966,092</b>	<b>1,192,021</b>	<b>214,951</b>	<b>(2,177,424)</b>	<b>(381,696)</b>	<b>(2,559,120)</b>
<b>General revenues:</b>						
Property taxes				\$ 178,447		178,447
Sales and tourism tax				402,462		402,462
Franchise taxes				55,170		55,170
Other taxes				2,044,094		2,044,094
Unrestricted interest income				19,217	263	19,480
Other income				12,141		12,141
Gain (Loss) on sale of capital assets				(5,722)		(5,722)
Transfers				(552,902)	552,902	-
<b>Total general revenues and transfers</b>				<b>2,152,907</b>	<b>553,165</b>	<b>2,706,072</b>
<b>Change in net position</b>				<b>(24,517)</b>	<b>171,469</b>	<b>146,952</b>
Net Position-Beginning, as previously stated				6,085,853	4,085,305	10,171,158
Prior Period Adjustments				39,018	(917,597)	(878,579)
Net Position - beginning, as restated				<b>6,124,871</b>	<b>3,167,708</b>	<b>9,292,579</b>
<b>Net Position, ending</b>				<b>\$ 6,100,354</b>	<b>3,339,177</b>	<b>9,439,531</b>

**TOWN OF TUNICA, MISSISSIPPI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
September 30, 2018

	<u>Major Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Fire</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,584,592	557,007	116,713	3,258,312
Receivables:				
Property taxes	190,123			190,123
Fines, net of uncollectible	32,282			32,282
Franchise fee	13,977			13,977
Intergovernmental	364,887	2,252		367,139
Due from other funds		4,622	10,737	15,359
<b>Total Assets</b>	<u>3,185,861</u>	<u>563,881</u>	<u>127,450</u>	<u>3,877,192</u>
<b>LIABILITIES</b>				
Accounts payable	53,367		2,027	55,394
Accrued expenses	32,021			32,021
Due to other funds	13,203			13,203
<b>Total Liabilities</b>	<u>98,591</u>	<u>-</u>	<u>2,027</u>	<u>100,618</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	190,123			190,123
Unavailable revenue- fines	32,282			32,282
<b>Total Deferred Inflows of Resources</b>	<u>222,405</u>	<u>-</u>	<u>-</u>	<u>222,405</u>
<b>FUND BALANCES</b>				
Restricted for:				
General Government			125,423	125,423
Public safety		563,881		563,881
Unassigned	2,864,865			2,864,865
<b>Total Fund Balances</b>	<u>2,864,865</u>	<u>563,881</u>	<u>125,423</u>	<u>3,554,169</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 3,185,861</u>	<u>563,881</u>	<u>127,450</u>	<u>3,877,192</u>

TOWN OF TUNICA, MISSISSIPPI  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
September 30, 2018

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 3,554,169
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$5,619,254.	4,676,549
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	32,282
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(2,133,710)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(11,185)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	90,275
Deferred inflows of resources related to pensions	(108,026)
Total Net Position - Governmental Activities	\$ <u>6,100,354</u>

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**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2018**

	Major Funds		Non-Major	Total
	General	Fire	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>REVENUES:</b>				
Taxes	\$ 178,447			178,447
Licenses and permits	7,834			7,834
Intergovernmental:				
State of Mississippi:				
General sales tax	402,462			402,462
Gaming tax	2,021,667			2,021,667
Liquor Licenses	4,425			4,425
Gasoline tax	3,668			3,668
Fire protection		95,799		95,799
Grand gulf	14,334			14,334
Tunica County:				
Road maintenance	9,941			9,941
Fire protection		36,493		36,493
Franchise tax	55,170			55,170
Fines and forfeitures	47,928			47,928
Interest income	16,764	2,348	105	19,217
Rental income	22,682		50,036	72,718
Miscellaneous	12,141			12,141
Total revenues:	<u>2,797,463</u>	<u>134,640</u>	<u>50,141</u>	<u>2,982,244</u>
<b>EXPENDITURES:</b>				
Municipal Court	108,215			108,215
Administrative	443,239			443,239
Municipal Complex	23,508			23,508
Shop Maintenance	50,374			50,374
Police Department	568,805			568,805
Fire Department	98,311			98,311
Streets	638,556			638,556
Special Projects	72,095			72,095
Main Street	23,828			23,828
Urban renewal			48,273	48,273
Capital Outlay	258,361		29,477	287,838
Total expenditures	<u>2,285,292</u>	<u>-</u>	<u>77,750</u>	<u>2,363,042</u>
Excess of Revenues over (under) Expenditures	<u>512,171</u>	<u>134,640</u>	<u>(27,609)</u>	<u>619,202</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	300			300
Transfers in	85,218		49,246	134,464
Transfers out	(602,148)	(85,218)		(687,366)
Net other financing sources (uses)	<u>(516,630)</u>	<u>(85,218)</u>	<u>49,246</u>	<u>(552,602)</u>
Net change in fund balances	<u>(4,459)</u>	<u>49,422</u>	<u>21,637</u>	<u>66,600</u>
Fund balances , beginning as previously reported	3,505,656	514,459	103,786	4,123,901
Prior period adjustment	(636,332)	-	-	(636,332)
Fund balances - beginning, as restated	<u>2,869,324</u>	<u>514,459</u>	<u>103,786</u>	<u>3,487,569</u>
Fund balance, ending	<u>\$ 2,864,865</u>	<u>563,881</u>	<u>125,423</u>	<u>3,554,169</u>

**TOWN OF TUNICA, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 66,600
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$319,435 exceeded capital outlays of \$293,838 in the current period.	(25,597)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(6,022)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(21,454)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	11,935
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(179,779)
Recognition of contributions made	129,800
Change in Net Position of Governmental Activities	\$ <u>(24,517)</u>



TOWN OF TUNICA, MISSISSIPPI  
STATEMENT OF NET POSITION- PROPRIETARY FUNDS  
September 30, 2018

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Utility</u>
	<u>Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 176,747
Accounts receivable	290,080
Due from other funds	814
Total Current Assets	<u>467,641</u>
Non-current assets:	
Restricted assets - cash	81,601
Capital assets:	
Land and construction in progress	13,500
Other capital assets, net	5,588,670
Total Non-Current Assets	<u>5,683,771</u>
<b>Total Assets</b>	<u><b>6,151,412</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	38,688
<b>Total Deferred Outflows of Resources</b>	<u><b>38,688</b></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	33,707
Accrued interest payable	3,900
Current portion of long-term debt	256,167
Total Current Liabilities	<u>293,774</u>
Non-current liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	81,601
Net pension liability	914,447
Capital debt:	
Notes payable	1,500,360
Non-capital debt:	
Compensated absences	14,445
Total Non-Current Liabilities	<u>2,510,853</u>
<b>Total Liabilities</b>	<u><b>2,804,627</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	46,296
<b>Total Deferred Inflows of Resources</b>	<u><b>46,296</b></u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,845,643
Unrestricted	(506,466)
<b>Total Net Position</b>	<u><u><b>\$ 3,339,177</b></u></u>

TOWN OF TUNICA, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION- PROPRIETARY FUNDS  
For the Year Ended September 30, 2018

	Business-Type Activities Enterprise Fund Utility Fund
<b>OPERATING REVENUES:</b>	
Charges for services:	
Utility fees	\$ 1,156,873
Other Fees	840
<b>Total Operating Revenues</b>	<u>1,157,713</u>
<b>OPERATING EXPENSES:</b>	
Personal services	520,114
Contractual services	302,492
Consumable supplies	216,132
Depreciation expense	373,578
Pension expense	77,049
<b>Total Operating Expenses</b>	<u>1,489,365</u>
<b>Operating Income (Loss)</b>	<u>(331,652)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	263
Interest expense	(50,044)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(49,781)</u>
<b>Net Income (Loss) Before Operating Transfers</b>	<u>(381,433)</u>
<b>OPERATING TRANSFERS:</b>	
Operating Transfers in	552,902
<b>Net Operating Transfers</b>	<u>552,902</u>
<b>Change in Net Position</b>	<u>171,469</u>
Net Position - Beginning, as previously stated	4,085,305
Prior period adjustment	(917,597)
<b>Net Position - Beginning, as restated</b>	<u>3,167,708</u>
Net Position - Ending	<u>\$ 3,339,177</u>

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2018**

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
	<u>Water &amp; Sewer</u>
	<u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 1,104,193
Payments to employees for services	(576,655)
Payments to suppliers for goods and services	(530,497)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(2,959)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating transfers, net	552,902
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>552,902</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of property and equipment	(207,520)
Principal payments on long-term debt	(249,032)
Interest paid on bonds, loans and capital leases	(50,631)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(507,183)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	42,760
<b>Cash and Cash Equivalents, October 1</b>	215,588
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 258,348</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>	
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (331,652)
Adjustments to reconcile operating income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	373,578
Pension expense	77,049
(Increase) decrease in accounts receivable	(53,520)
(Increase) decrease in intergovernmental receivable	(814)
Increase (decrease) in accounts payable and accrued expenses	(16,716)
Increase (decrease) in accrued interest payable	(587)
Increase (decrease) in customer deposits	2,513
Increase (decrease) in compensated absences	1,969
Increase (decrease) in prior period adjustment	(54,779)
<b>Total adjustments</b>	<u>328,693</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (2,959)</u>

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TOWN OF TUNICA, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
September 30, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,065
Due from other funds	8,581
	<hr/>
<b>Total Assets</b>	<u><u>28,646</u></u>
<b>LIABILITIES</b>	
Amounts held in custody for others	17,095
Due to other funds	11,551
	<hr/>
<b>Total Liabilities</b>	<u><u>\$ 28,646</u></u>

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

**Note 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity.**

Town of Tunica, Mississippi (the Town) is a political subdivision of the State of Mississippi. The Town is governed by an elected five-member Board of Aldermen. Accounting principles generally accepted in the United States of America require Town of Tunica to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the Town. There are currently no outside organizations that should be included as component units of the Town's reporting entity.

**B. Basis of Presentation.**

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

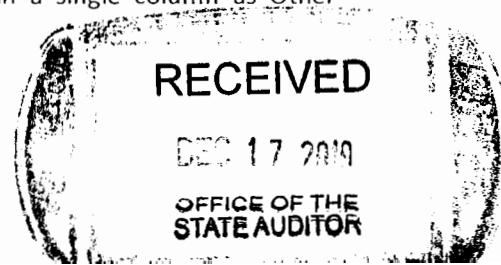
**Government-wide Financial Statements:**

The Statement of Net Position and Statement of Activities display information concerning the Town as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange 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-type 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 Town.

**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, deferred outflows, liabilities, deferred inflows, fund balances, 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. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.



TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Fund and Fiduciary Fund (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.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. 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 nonoperating.

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 Funds:

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

Fire Fund - This fund is used to account for monies from specific revenue sources that are restricted for fire protection.

Additionally, the Town reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

in a manner similar to private business enterprises or where the Town 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 Enterprise Fund:

Utility Fund – This fund is used to account for and report on water, sewer and garbage revenues and expenditures.

FIDUCIARY FUND TYPE

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 distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad 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, 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.

F. Receivables.

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

G. Interfund 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." Noncurrent portions of interfund 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 nonspendable 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

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

definition, as restricted, committed, or assigned. Interfund 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. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. The Town did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets. 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. 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. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the Town's financial statements. 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 the 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:

	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	*	*

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



TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

I. 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/expenditure) 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 10 for additional details.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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 10 for additional details.

J. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent 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 FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

L. 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, contributors, 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 nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the Town:

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

*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.

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

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 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.

M. 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 a 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.

N. 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.

O. 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. Accounting principles generally accepted in the United States of America require accrual of accumulated

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**Note 2: Budget Policy**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to August 1st, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the Town's budget meetings being open to the public, so that public hearings are conducted at Town Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and Board of Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and Board of Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year. Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**Note 3: Prior Period Adjustments.**

A summary of the significant net position/fund balance adjustment(s) is as follows:

**Exhibit 2 – Statement of Activities**

Governmental Activities:	
To reallocate pension liability between governmental and proprietary funds	\$ 737,453
To reclassify fine revenue from recognized revenue to unavailable revenue net of uncollectible amounts	(636,332)
To correct prior year errors	(38,983)
To record prior year compensated absences	(23,120)
Total Governmental Activities	<u>39,018</u>
Business-Type Activities:	
To reallocate pension liability between governmental and proprietary funds	(900,634)
To record prior year accrued interest payable	(4,487)
To record prior year compensated absences	(12,476)
Total Business-Type Activities	<u>(917,597)</u>
Total Statement of Activities	<u>\$ (878,579)</u>

**Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.**

General Fund:	
To reclassify fine revenue from recognized revenue to unavailable revenue net of uncollectible amounts	\$ (636,332)
Total Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ (636,332)</u>

**Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.**

Business-Type Activities:	
To reallocate pension liability between governmental and proprietary funds	\$ (900,634)
To record prior year accrued interest payable	(4,487)
To record prior year compensated absences	(12,476)
Total Statement of Revenues, Expenses and Changes in Net Position	<u>\$ (917,597)</u>

**Note 4: Deposits**

The carrying amount of the Town's total deposits with financial institutions at September 30, 2018, was \$3,536,725 and the bank balance was \$3,516,660. 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

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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 financial 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 investment 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 Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

**Custodial Credit Risk.** 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 that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

**Note 5: Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2018:

**A. Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Agency Funds	General Fund	\$ 8,581
Fire Fund	General Fund	4,622
Other Governmental Funds	Agency Funds	10,737
Utility Fund	Agency Funds	814
Total		<u>\$ 24,754</u>

The receivables due to and from the Agency Funds represent errors in reimbursement to and from the clearing account. The receivable to Fire Fund from General Fund represents a payment for repairs shared by both funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018**

**B. Transfers In/Out:**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 85,218
Other Governmental Funds	General Fund	49,246
Utility Fund	General Fund	552,902
Total		<u>\$ 687,366</u>

The principal purpose of the transfer to General Fund from Fire Fund was to move fire rebate funds to cover fire protection expenses paid by the General Fund. The principal purpose of the transfers from General Fund to Other Governmental Funds was to provide funding for certain expenditures in that fund. The principal purpose of the transfers from General Fund to Utility Fund was to reallocate sales tax revenues to the notes guaranteed by sales tax revenue and to reallocate certain expenditures.

**Note 6: Intergovernmental Receivables**

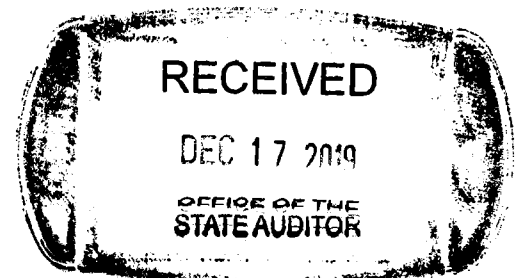
Intergovernmental receivables at September 30, 2018, consisted of the following:

Governmental Activities:	
Gaming revenue	\$ 292,074
Sales tax	68,894
Liquor tax	675
Other receivables	7,652
Total Governmental Activities	<u>\$ 369,295</u>

**Note 7: Restricted Assets**

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

Public Utility meter deposits	\$ 81,601
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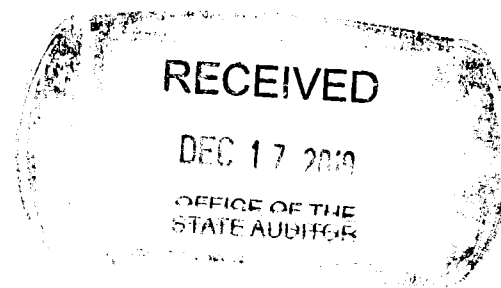
**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2018

**Note 8: Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<b>GOVERNMENTAL ACTIVITIES:</b>					
Land	\$ 1,116,609	6,000			1,122,609
Construction in Progress	-	6,280			6,280
Total Non-Depreciable Capital Assets	<u>1,116,609</u>	<u>12,280</u>	<u>-</u>	<u>-</u>	<u>1,128,889</u>
Buildings	3,553,949				3,553,949
Improvements	1,356,369				1,356,369
Machinery & Equipment	2,480,306	166,186	51,961		2,594,531
Furniture & Fixtures	576,744	54,407	8,266		622,885
Infrastructure	978,215	60,965			1,039,180
Total Depreciable Capital Assets	<u>8,945,583</u>	<u>281,558</u>	<u>60,227</u>	<u>-</u>	<u>9,166,914</u>
Accumulated Depreciation					
Buildings	1,297,879	71,079			1,368,958
Improvements	891,201	54,255			945,456
Machinery & Equipment	1,916,491	133,417	46,765		2,003,143
Furniture & Fixtures	516,055	8,725	7,440		517,340
Infrastructure	732,398	51,959			784,357
Total Acc. Depreciation	<u>5,354,024</u>	<u>319,435</u>	<u>54,205</u>	<u>-</u>	<u>5,619,254</u>
Total Depreciable Capital Assets	<u>3,591,559</u>	<u>(37,877)</u>	<u>6,022</u>	<u>-</u>	<u>3,547,660</u>
Governmental activities capital assets, net	<u>\$ 4,708,168</u>	<u>(25,597)</u>	<u>6,022</u>	<u>-</u>	<u>4,676,549</u>
<b>BUSINESS-TYPE:</b>					
Land	\$ 13,500				13,500
Total Non-Depreciable Capital Assets	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Water and Sewer Infrastructure	12,663,818				12,663,818
Machinery & Equipment	257,138	38,709		(94,985)	200,862
Vehicles	360,765	168,811		94,985	624,561
Total Depreciable Capital Assets	<u>13,281,721</u>	<u>207,520</u>	<u>-</u>	<u>-</u>	<u>13,489,241</u>
Accumulated Depreciation					
Water and Sewer Infrastructure	7,069,791	322,962			7,392,753
Machinery & Equipment	147,067	12,479			159,546
Vehicles	310,135	38,137			348,272
Total Acc. Depreciation	<u>7,526,993</u>	<u>373,578</u>	<u>-</u>	<u>-</u>	<u>7,900,571</u>
Total Depreciable Capital Assets	<u>5,754,728</u>	<u>(166,058)</u>	<u>-</u>	<u>-</u>	<u>5,588,670</u>
Business-type capital assets, net	<u>\$ 5,768,228</u>	<u>(166,058)</u>	<u>-</u>	<u>-</u>	<u>5,602,170</u>

Adjustments to capital assets were made to reclassify assets appropriately.





**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Depreciation expense was charged to the following functions:

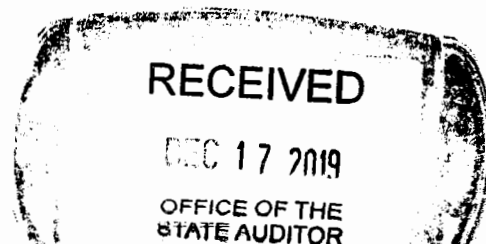
	<u>Amount</u>
<b>Governmental activities:</b>	
Municipal Court	\$ 1,496
Administrative	10,945
Municipal Complex	30,097
Shop Maintenance	1,476
Police Department	19,233
Fire Department	86,457
Streets	99,030
Special Projects	24,734
Urban renewal	45,967
Total governmental activities depreciation expense	<u>\$ 319,435</u>
	<u>Amount</u>
<b>Business-type:</b>	
Sanitation	\$ 25,945
Water and sewer	347,633
Total business-type depreciation expense	<u>\$ 373,578</u>

**Note 9: 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 payments 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 \$1,085 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 to approximately \$1,353 per month for an additional five years.



**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The following schedule details the minimum payments required:

<u>Year Ending September 30:</u>	<u>Amount</u>
2019	\$ 36,624
2020	36,624
2021	22,624
2022	14,610
2023	16,236
2024-2028	56,826
Total	<u>\$ 183,544</u>

**Note 10: Defined Benefit Pension Plan**

*General Information about the Pension Plan*

Plan Description. Town of Tunica, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 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 and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 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 (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$185,428, \$177,860 and \$183,403, respectively, equal 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, 2018, the Town reported a liability of \$3,048,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Town's proportionate share used to calculate the September 30, 2018 net pension liability was 0.018326 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.000569 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the Town recognized pension expense of \$256,828. At September 30, 2018, 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
Differences between expected and actual experience	\$ 13,519	12,451
Net difference between projected and actual earnings on pension plan investments		49,740
Changes of assumptions	1,743	1,710
Changes in the proportion and differences between the Town's contributions and proportionate share of contributions	70,333	90,421
County contributions subsequent to the measurement date	43,368	-
Total	\$ 128,963	154,322

\$43,368 reported as deferred outflows of resources related to 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, 2019. Other amounts reported as deferred outflows of resources and deferred

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2019	\$ (6,460)
2020	(39)
2021	(48,519)
2022	(13,709)
Total	<u>\$ (68,727)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.5 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 Table Projected with Scale BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report 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-estimate ranges of expected future real rates of return (expected nominal returns, net of pension 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 as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.50
Cash	1.00	-
Total	<u>100.00 %</u>	

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to 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 of the net pension 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:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 4,013,550	3,048,157	2,245,790

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Note 11: Long-term Debt**

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Business-Type Activities:</b>			
A. Other Loans:			
SRFL 2002- Lagoon	\$ 443,491	3.00%	09/2021
SRFL 2008- Lagoon	986,384	2.75%	02/2028
SRFL 2013- West Well	326,652	1.95%	03/2033
Total Other Loans	\$ <u>1,756,527</u>		

The town has pledged future sales tax revenues to repay the \$1,756,527 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 \$1,960,300. Principal and interest paid for the current year and total sales tax revenue were \$299,664 and \$369,074, respectively.

TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

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

**Business-type Activities:**

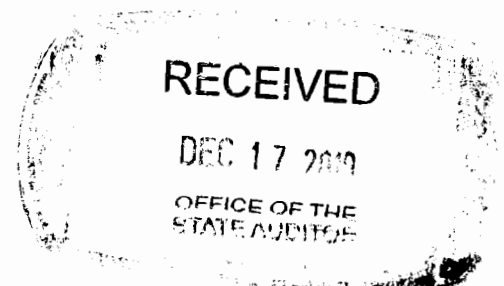
Year Ending September 30	Other Loans	
	Principal	Interest
2019	\$ 256,167	43,496
2020	263,508	36,155
2021	271,063	28,601
2022	121,922	22,975
2023	125,146	19,750
2024 - 2028	607,309	47,746
2029 - 2033	111,412	5,051
Total	<u>\$ 1,756,527</u>	<u>203,774</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the Town is limited by state statute. Total outstanding debt during a 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, 2018, 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 and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ -		11,935	23,120	11,185	-
Total	<u>\$ -</u>	<u>-</u>	<u>11,935</u>	<u>23,120</u>	<u>11,185</u>	<u>-</u>
<b>Business-type activities:</b>						
Compensated absences	\$ -	1,969	-	12,476	14,445	-
Other loans	2,005,559	-	249,032	-	1,756,527	256,167
Total	<u>\$ 2,005,559</u>	<u>1,969</u>	<u>249,032</u>	<u>12,476</u>	<u>1,770,972</u>	<u>256,167</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund and the Utility Fund.



TOWN OF TUNICA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018

**Note 12: Commitments and Contingencies**

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. No provision for any liability that may result has been recognized in the Town's financial statements.

Litigation - The Town is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Town with respect to the various proceedings. However, the Town's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the Town.

**Note 13: Effect of Deferred Amounts on Net Position**

The governmental activities' unrestricted net position amount of \$734,501 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$30,358 resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$59,917 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next four years. The \$108,026 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$506,466) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$13,010 resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$25,678 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next four years. The \$46,296 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

**Note 14: Tax Abatements**

For the fiscal year ended September 30, 2018, the Town of Tunica had no agreements to abate taxes with any entity within the Town.

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**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

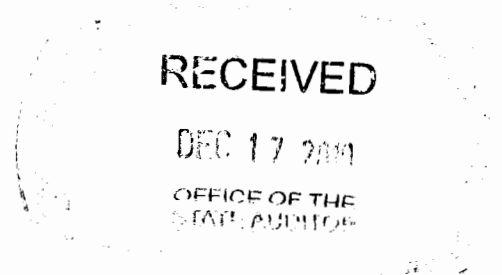
**Note 15: Subsequent Events**

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 Town of Tunica, Mississippi evaluated the activity of the Town through December 1, 2019 and determined that no subsequent events occurred requiring disclosure.



TOWN OF TUNICA, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF TUNICA, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – GENERAL FUND**  
**For the Year Ended September 30, 2018**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 216,000	204,000	209,108	5,108
Licenses, Permits & Franchise Fees	59,500	59,500	61,959	2,459
Grants & Intergovernmental	2,137,000	2,149,000	2,182,258	33,258
Fines & Forfeits	30,000	30,000	47,766	17,766
Rental Income	23,000	23,000	22,682	(318)
Miscellaneous Revenues	10,650	10,650	323,645	312,995
<b>Total Revenues</b>	<b>2,476,150</b>	<b>2,476,150</b>	<b>2,847,418</b>	<b>371,268</b>
<b>EXPENDITURES:</b>				
Municipal Court	111,734	111,734	108,321	3,413
Administrative	478,732	480,627	480,627	-
Municipal Complex	44,250	44,250	40,816	3,434
Shop	51,590	52,945	52,945	-
Police	707,160	621,906	621,906	-
Fire	207,300	195,251	195,251	-
Streets	539,770	739,722	739,722	-
Special Projects	74,170	75,050	75,050	-
Main Street	24,570	26,015	26,015	-
<b>Total Expenditures:</b>	<b>2,239,276</b>	<b>2,347,500</b>	<b>2,340,653</b>	<b>6,847</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	90,000	90,000	85,218	(4,782)
Transfers Out	(440,000)	(440,000)	(602,149)	(162,149)
<b>Total other financing sources (uses)</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(516,931)</b>	<b>(166,931)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (113,126)</b>	<b>(221,350)</b>	<b>(10,166)</b>	<b>197,490</b>

TOWN OF TUNICA, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO ACTUAL (NON-GAAP BASIS) – FIRE FUND  
For the Year Ended September 30, 2018

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
<b>REVENUES:</b>				
Grants & Intergovernmental	\$ 68,600	68,600	132,292	63,692
Miscellaneous Revenues	350	350	2,348	1,998
<b>Total Revenues</b>	<u>68,950</u>	<u>68,950</u>	<u>134,640</u>	<u>65,690</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(90,000)	(90,000)	(85,218)	4,782
<b>Total other financing sources (uses)</b>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(85,218)</u>	<u>4,782</u>
<b>Net Change in Fund Balance</b>	<u>\$ (21,050)</u>	<u>(21,050)</u>	<u>49,422</u>	<u>70,472</u>

TOWN OF TUNICA, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE PENSION LIABILITY  
LAST 10 FISCAL YEARS\*  
For the Year Ended September 30, 2018

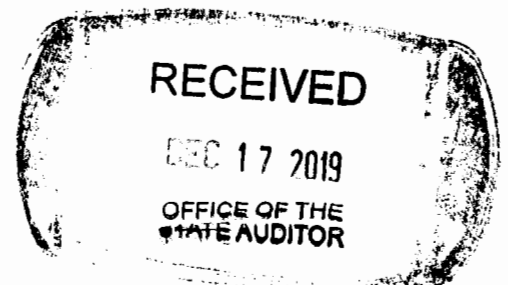
	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.018326%	0.017757%	0.018600%	0.019840%
Proportionate share of the net pension liability (asset)	\$ 3,048,158	2,951,816	3,322,424	3,066,873
Covered-employee payroll	\$ 1,170,318	1,139,104	1,190,020	1,239,477
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.46%	259.13%	279.19%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the Town has only presented information for the years in which information is available.

TOWN OF TUNICA, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF TOWN CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*  
For the Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 185,428	177,860	183,403	193,196
Contributions in relation to the contractually required contribution	<u>185,428</u>	<u>177,860</u>	<u>183,403</u>	<u>193,196</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 1,177,322	1,129,273	1,164,459	1,226,640
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the Town has only presented information for the years in which information is available.



**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**

**A. Budgetary Information**

Statutory requirements dictate how and when the Town's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Town Clerk, using historical and anticipated fiscal data, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Town Council that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

**B. Basis of Presentation**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

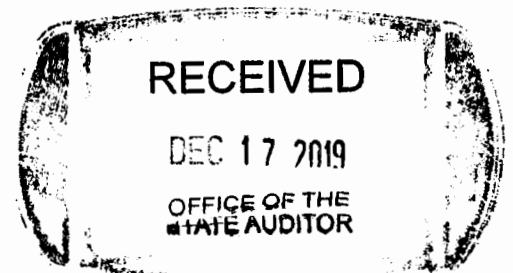
**C. Budget/GAAP Reconciliation.**

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	<b>Governmental Fund Types</b>	
	<b>General Fund</b>	<b>Fire Fund</b>
Budget (Cash Basis)	\$ (10,166)	49,422
Increase (Decrease)		
Net adjustments for revenue accruals	21,474	
Net adjustments for expenditure accruals	(15,767)	
GAAP Basis	\$ (4,459)	49,422



TOWN OF TUNICA, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2018

Pension Schedules

**A. Changes of assumptions.**

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

**B. Changes in benefit provisions.**

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.



**TOWN OF TUNICA, MISSISSIPPI**

**OTHER INFORMATION**

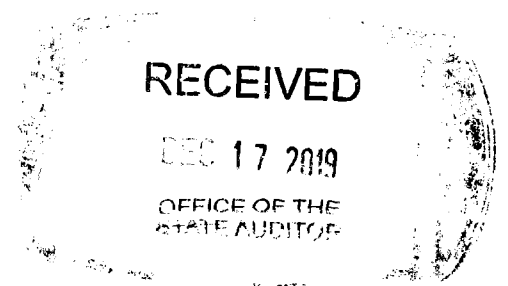


TOWN OF TUNICA, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Bond Amount</u>	<u>Expiration Date</u>	<u>Surety Company</u>
Charles M. Cariker	Mayor	50,000	6/30/2021	RLI Insurance Company
John A. Graves, Jr.	Ward 1 Alderman	50,000	6/30/2021	RLI Insurance Company
Bradford J. Beach	Ward 2 Alderman	50,000	6/30/2021	RLI Insurance Company
Andrew T. Dulaney	Ward 3 Alderman	50,000	6/30/2021	RLI Insurance Company
Brooks Taylor	Ward 4 Alderman	50,000	6/30/2021	RLI Insurance Company
Billy Willis	Ward 5 Alderman	50,000	6/30/2021	RLI Insurance Company
Kathryn C. Pennock	Town Clerk	50,000	6/30/2021	RLI Insurance Company
Charles N. Hailey	Deputy Town Clerk	50,000	1/19/2020	Western Surety Company
Michael S. Nichols	Police Chief	50,000	5/3/2019	Western Surety Company
Christy G. Young	Municipal Court Clerk	50,000	8/7/2020	RLI Insurance Company
Mary Green	Utility/Water Clerk	50,000	9/14/2020	Western Surety Company
Ellen Graves	Utility/Water Clerk	25,000	8/31/2018	RLI Insurance Company

TOWN OF TUNICA, MISSISSIPPI

SPECIAL REPORTS





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GOVERNMENT AUDIT QUALITY CENTER

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Town Council  
Town of Tunica  
Tunica, Mississippi

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, each major fund, and the aggregate remaining fund information of the Town of Tunica, Mississippi (the Town), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 1, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Tunica, Mississippi'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tunica, Mississippi's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 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 provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. However, providing an opinion on compliance with those provisions was not an 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*.

We noted certain matters that we reported to the management of the Town of Tunica, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 1, 2019, included within this document.

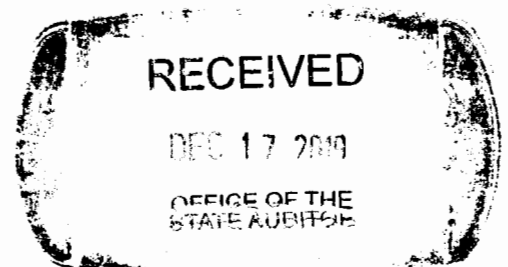
## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

December 1, 2019





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#### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and Town Council  
Town of Tunica  
Tunica, Mississippi

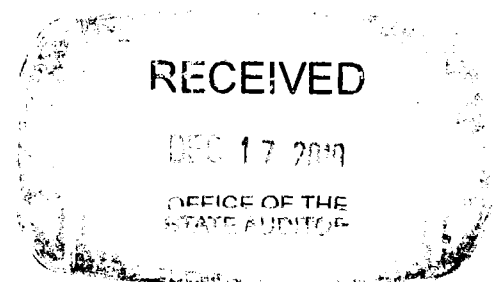
In planning and performing our audit of the financial statements of Town of Tunica, Mississippi for the year ended September 30, 2018, we considered Town of Tunica, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Town of Tunica, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 1, 2019, on the financial statements of Town of Tunica, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings recommendations, and your responses are disclosed below:

- |                |  |
|----------------|--|
| 1.             | <u>The Town does not maintain an inventory of fixed assets on its computer system and failed to conduct an annual inventory of the assets.</u>   |
| Repeat Finding | No   |
| Criteria       | The Town should maintain a sufficiently detailed fixed asset listing.  |
| Condition      | During our audit procedures, we found that the Town failed to capitalize a number of assets and while they did appropriately dispose of certain assets, these assets were not adequately identified as the Town does not maintain a fixed asset listing. |



**Effect** Without a properly functioning inventory system, compliance cannot be maintained and capital assets will not be accurately recorded in the governmental activities.

**Recommendation** The Town should follow the system set forth in the Municipal Audit and Accounting Guide Section II C "Property Accounting System" prescribed by the Office of the State Auditor. This guide coupled with the Municipal Fixed Asset Manual should be employed and followed by the Town.

**Response** We are working on utilizing our current software and implementing new policies for maintaining an inventory for fixed assets and conducting an annual inventory of assets in accordance with the Municipal Audit and Accounting Guide Section II C "Property Accounting System" as prescribed by the Office of the State Auditor.

2. The Town has insufficient segregation of duties in the collection, deposit preparation and recording functions.

**Repeat Finding** No

**Criteria** An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation and recording functions.

**Condition** There is not an adequate segregation of duties in the collection, deposit preparation and recording functions.

**Effect** Failure to properly segregate accounting duties increases the chances that funds could be mishandled.

**Recommendation** The Town should segregate money-handling duties to ensure appropriate handling of public funds.

**Response** We are working on a system to sufficiently segregate duties in the collection, deposit preparation, and recording functions with limited staff due to numerous retirements. We are making steps to ensure proper segregation of accounting duties.

Town of Tunica's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

December 1, 2019

**TOWN OF TUNICA, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND RESPONSES**

TOWN OF TUNICA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2018

Section 1: Summary of Auditor's Results

***Financial Statements:***

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Business-type activities	Unmodified
General Fund	Unmodified
Fire Fund	Unmodified
Aggregate remaining fund information	

2. Internal control over financial reporting:

a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None reported

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.