

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

# **TOWN OF TUNICA, MISSISSIPPI**

## **Audited Financial Statements and Special Reports**

**For the Year Ended September 30, 2022**



**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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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Tunica  
Tunica, Mississippi

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying 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, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023, 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

September 13, 2023

## **TOWN OF TUNICA, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

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, 2022. 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 2022 fiscal year by \$8,718,484 (net position).
- The net position of the Town includes: \$7,814,656 invested in capital assets, net of related debt; and \$903,828 in restricted and unrestricted net position.
- Total assets increased \$511,129 or 3.76% from 2021. The increase is primarily due to revenues exceeding expenditures for the year and the addition of lease receivables.
- Total liabilities increased by \$1,377,268 or 35.10% from 2021. The increase is primarily due to an increase in net pension liability as well as unearned grant revenues received.
- The Town's total net position decreased \$191,946 or 2.15% from 2021.

**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**

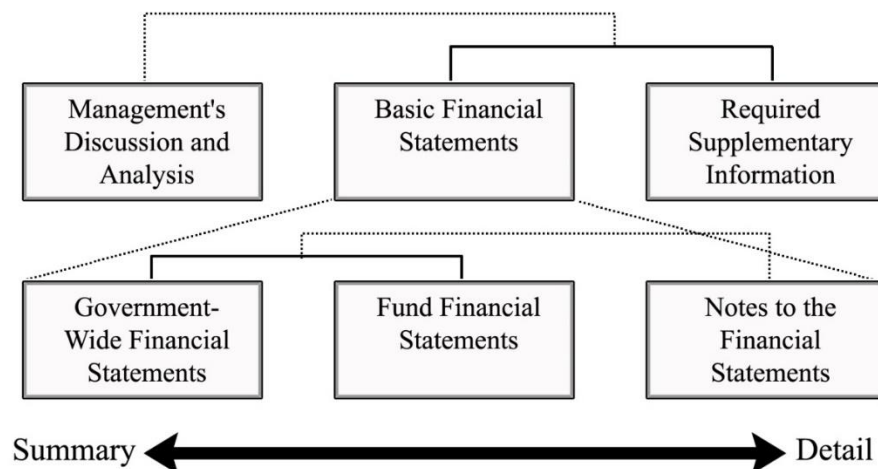


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

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**

| <b>Government-Wide Financial Statements</b>  |  | <b>Fund Financial Statements</b>   |   |
|--|--|--|---|
|  |  | <b>Governmental Funds</b>  | <b>Proprietary Funds</b>  |
| <b>Scope</b>   | 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   |
| <b>Required financial statements</b>   | <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 position</li> <li>• Statement of cash flows</li> </ul> |
| <b>Accounting basis and measurement focus</b>                                      | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   |
| <b>Type of asset, deferred outflow, liability, and deferred inflow information</b> | 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   |
| <b>Type of inflow/outflow information</b>  | 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  |

**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,

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

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 municipal court, administrative, municipal complex, shop maintenance, police department, fire department, streets, special projects, main street, fire protection, urban renewal 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 two categories: (1) governmental funds and (2) proprietary 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 5 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, 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 45 through 46 for the General Fund and Fire Fund to demonstrate compliance with this budget.

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

**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.

**3) Notes to the Financial Statements.** The notes, presented on pages 25 through 43, 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 44 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, 2022, the assets and deferred outflows of the Town of Tunica exceeded its liabilities and deferred inflows by \$8,718,484.

By far, the largest portion of the Town's net position (\$7,814,656 or 89.63%) 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, 2022**

(Table 1)  
**Net Position**

|                                  | <b>Governmental Activities</b> |             | <b>Business-type Activities</b> |             | <b>Total</b> |             | <b>Increase</b>   | <b>Percentage</b> |
|----------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|-------------------|-------------------|
|                                  | <b>2022</b>                    | <b>2021</b> | <b>2022</b>                     | <b>2021</b> | <b>2022</b>  | <b>2021</b> | <b>(Decrease)</b> | <b>change</b>     |
| <b>Assets</b>                    |                                |             |                                 |             |              |             |                   |                   |
| Current and other assets         | \$ 4,785,852                   | 3,716,195   | 643,575                         | 715,642     | 5,429,427    | 4,431,837   | 997,590           | 22.51%            |
| Capital assets, net              | 4,034,348                      | 4,188,445   | 4,625,975                       | 4,958,339   | 8,660,323    | 9,146,784   | (486,461)         | -5.32%            |
| Total Assets                     | 8,820,200                      | 7,904,640   | 5,269,550                       | 5,673,981   | 14,089,750   | 13,578,621  | 511,129           | 3.76%             |
| Deferred outflows                | 278,371                        | 224,044     | 119,302                         | 96,019      | 397,673      | 320,063     | 77,610            | 24.25%            |
| <b>Liabilities</b>               |                                |             |                                 |             |              |             |                   |                   |
| Current and other liabilities    | 728,914                        | 113,342     | 183,105                         | 204,688     | 912,019      | 318,030     | 593,989           | 186.77%           |
| Net pension liability            | 2,478,840                      | 1,856,432   | 1,062,362                       | 795,615     | 3,541,202    | 2,652,047   | 889,155           | 33.53%            |
| Long-term debt                   | 25,721                         | 15,866      | 821,773                         | 937,504     | 847,494      | 953,370     | (105,876)         | -11.11%           |
| Total Liabilities                | 3,233,475                      | 1,985,640   | 2,067,240                       | 1,937,807   | 5,300,715    | 3,923,447   | 1,377,268         | 35.10%            |
| Deferred inflows                 | 408,469                        | 775,039     | 59,755                          | 289,768     | 468,224      | 1,064,807   | (596,583)         | -56.03%           |
| <b>Net Position:</b>             |                                |             |                                 |             |              |             |                   |                   |
| Net investment in capital assets | 4,032,548                      | 4,188,445   | 3,782,108                       | 3,992,550   | 7,814,656    | 8,180,995   | (366,339)         | -4.48%            |
| Restricted                       | 1,114,780                      | 1,009,710   | -                               | -           | 1,114,780    | 1,009,710   | 105,070           | 10.41%            |
| Unrestricted                     | 309,299                        | 169,850     | (520,251)                       | (450,125)   | (210,952)    | (280,275)   | 69,323            | 24.73%            |
| Total Net Position               | \$ 5,456,627                   | 5,368,005   | 3,261,857                       | 3,542,425   | 8,718,484    | 8,910,430   | (191,946)         | -2.15%            |

The Town's total assets increased \$511,129 during 2022 with governmental activities showing an increase of \$915,560 and business-type activities showing a decrease of \$404,431.

The Town's total liabilities increased \$1,377,268. Liabilities increased by \$1,247,835 in governmental activities and by \$129,433 in business-type activities. This change is primarily due to a decrease in net pension liability combined with a decrease in capital debt.

The Town's net position decreased \$191,946 from 2021.

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  | \$ (210,952)        |
| Less: unrestricted deficit in net position resulting from recognition of GASB 68 | 3,267,624           |
| Unrestricted net position, exclusive of the net pension liability effect         | <u>\$ 3,056,672</u> |

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

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

|                                      | <b>Governmental Activities</b> |                  | <b>Business-type Activities</b> |                  | <b>Totals</b>    |                  | <b>Increase</b>   | <b>Percentage</b> |
|--------------------------------------|--------------------------------|------------------|---------------------------------|------------------|------------------|------------------|-------------------|-------------------|
|                                      | <b>2022</b>                    | <b>2021</b>      | <b>2022</b>                     | <b>2021</b>      | <b>2022</b>      | <b>2021</b>      | <b>(Decrease)</b> | <b>Change</b>     |
| <b>Program Revenues:</b>             |                                |                  |                                 |                  |                  |                  |                   |                   |
| Charges for services                 | \$ -                           | -                | 898,026                         | 1,162,270        | 898,026          | 1,162,270        | (264,244)         | -22.74%           |
| Licenses and permits                 | 9,889                          | 5,849            | -                               | -                | 9,889            | 5,849            | 4,040             | 69.07%            |
| Police fines                         | 45,597                         | 24,788           | -                               | -                | 45,597           | 24,788           | 20,809            | 83.95%            |
| Rent                                 | 60,674                         | 56,961           | -                               | -                | 60,674           | 56,961           | 3,713             | 6.52%             |
| Contributions and grants             | 89,753                         | 191,678          | -                               | -                | 89,753           | 191,678          | (101,925)         | -53.18%           |
| <b>General Revenues:</b>             |                                |                  |                                 |                  |                  |                  |                   |                   |
| Property taxes                       | 195,085                        | 195,949          | 26,917                          | 27,636           | 222,002          | 223,585          | (1,583)           | -0.71%            |
| Gaming taxes                         | 1,960,108                      | 2,045,101        | -                               | -                | 1,960,108        | 2,045,101        | (84,993)          | -4.16%            |
| Sales tax                            | 509,929                        | 484,840          | -                               | -                | 509,929          | 484,840          | 25,089            | 5.17%             |
| Franchise taxes                      | 57,201                         | 43,735           | -                               | -                | 57,201           | 43,735           | 13,466            | 30.79%            |
| Gasoline taxes                       | 3,143                          | 3,154            | -                               | -                | 3,143            | 3,154            | (11)              | -0.35%            |
| Liquor taxes                         | 2,700                          | 2,700            | -                               | -                | 2,700            | 2,700            | -                 | 0.00%             |
| Nuclear plant                        | 14,495                         | 14,273           | -                               | -                | 14,495           | 14,273           | 222               | 1.56%             |
| Other intergovernmental revenues     | 513                            | 514              | -                               | -                | 513              | 514              | (1)               | 0.00%             |
| Gain (loss) on disposition of assets | (2,141)                        | 7,174            | -                               | -                | (2,141)          | 7,174            | (9,315)           | 0.00%             |
| Miscellaneous                        | 2,092                          | 1,400            | -                               | -                | 2,092            | 1,400            | 692               | 49.43%            |
| Interest                             | 12,347                         | 10,916           | 366                             | 1,166            | 12,713           | 12,082           | 631               | 5.22%             |
| Transfers                            | (358,578)                      | (668,919)        | 358,578                         | 668,918          | -                | (1)              | 1                 | 0.00%             |
| <b>Total Revenues</b>                | <b>2,602,807</b>               | <b>2,420,113</b> | <b>1,283,887</b>                | <b>1,859,990</b> | <b>3,886,694</b> | <b>4,280,104</b> | <b>(393,410)</b>  | <b>-9.19%</b>     |
| <b>Program Expenses:</b>             |                                |                  |                                 |                  |                  |                  |                   |                   |
| Municipal Court                      | 104,457                        | 109,005          | -                               | -                | 104,457          | 109,005          | (4,548)           | -4.17%            |
| Administrative                       | 436,213                        | 446,837          | -                               | -                | 436,213          | 446,837          | (10,624)          | -2.38%            |
| Municipal Complex                    | 37,380                         | 39,398           | -                               | -                | 37,380           | 39,398           | (2,018)           | -5.12%            |
| Shop maintenance                     | 43,726                         | 42,593           | -                               | -                | 43,726           | 42,593           | 1,133             | 2.66%             |
| Police department                    | 640,076                        | 669,701          | -                               | -                | 640,076          | 669,701          | (29,625)          | -4.42%            |
| Fire department                      | 184,198                        | 182,543          | -                               | -                | 184,198          | 182,543          | 1,655             | 0.91%             |
| Streets                              | 720,777                        | 614,118          | -                               | -                | 720,777          | 614,118          | 106,659           | 17.37%            |
| Special projects                     | 52,888                         | 134,326          | -                               | -                | 52,888           | 134,326          | (81,438)          | -60.63%           |
| Main Street                          | 39,742                         | 44,911           | -                               | -                | 39,742           | 44,911           | (5,169)           | -11.51%           |
| Urban Renewal                        | 75,050                         | 73,067           | -                               | -                | 75,050           | 73,067           | 1,983             | 2.71%             |
| Water, Sewer & Sanitation            | -                              | -                | 1,487,450                       | 1,400,394        | 1,487,450        | 1,400,394        | 87,056            | 6.22%             |
| Pension Expense                      | 179,678                        | 93,374           | 77,005                          | 40,017           | 256,683          | 133,391          | 123,292           | 92.43%            |
| <b>Total Expenses</b>                | <b>2,514,185</b>               | <b>2,449,873</b> | <b>1,564,455</b>                | <b>1,440,411</b> | <b>4,078,640</b> | <b>3,890,284</b> | <b>188,356</b>    | <b>4.84%</b>      |
| <b>Changes in Net Position</b>       | <b>\$ 88,622</b>               | <b>(29,760)</b>  | <b>(280,568)</b>                | <b>419,579</b>   | <b>(191,946)</b> | <b>389,820</b>   | <b>(581,766)</b>  | <b>-149.24%</b>   |

The Town's governmental activities continue to be funded primarily by taxes, which made up approximately 93% of the total revenues. The other major revenue sources were police fines 2% and rental income 2%. The major expense activities were streets, police department, administrative and fire department which comprise 29%, 25%, 17%, and 7% of total expenses, respectively. The Town remains totally committed to providing the services its residents expect and need.

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.

**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2022**

**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 \$3,722,195 which represents an increase of \$277,110.

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 172,040. The Fire Fund had a net change in fund balance of \$90,423.

**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 2022, the Town amended its General Fund budget. All recommendations for budget changes come from the Town Clerk and are presented to the Mayor and Town Council for ordinance enactment on the change. The Town does not allow budget changes that modify line items within departments without board 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 decreased budgeted expenditures by \$248,495.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2022, the Town had \$8,660,323 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 \$486,461 or 5.32% under the prior year.

**TOWN OF TUNICA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

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

|                                   | Government Activities |                  | Business-Type Activities |                  | Totals           |                  | Increase         | Percentage    |
|-----------------------------------|-----------------------|------------------|--------------------------|------------------|------------------|------------------|------------------|---------------|
|                                   | 2022                  | 2021             | 2022                     | 2021             | 2022             | 2021             | (Decrease)       | Change        |
| Land                              | \$ 1,122,609          | 1,122,609        | 13,500                   | 13,500           | 1,136,109        | 1,136,109        | -                | 0.00%         |
| Infrastructure                    | 209,242               | 271,342          | 4,423,161                | 4,720,647        | 4,632,403        | 4,991,989        | (359,586)        | -7.20%        |
| Building and improvements         | 2,188,245             | 2,281,488        | -                        | -                | 2,188,245        | 2,281,488        | (93,243)         | -4.09%        |
| Mobile and machinery equipment    | 437,616               | 431,175          | 189,314                  | 224,192          | 626,930          | 655,367          | (28,437)         | -4.34%        |
| Furniture & fixtures              | 74,836                | 81,831           | -                        | -                | 74,836           | 81,831           | (6,995)          | -8.55%        |
| Intangible right to use equipment | 1,800                 | -                | -                        | -                | 1,800            | -                | 1,800            |               |
| <b>Total</b>                      | <b>\$ 4,034,348</b>   | <b>4,188,445</b> | <b>4,625,975</b>         | <b>4,958,339</b> | <b>8,660,323</b> | <b>9,146,784</b> | <b>(486,461)</b> | <b>-5.32%</b> |

The Town of Tunica continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The Town had no construction in progress at September 30, 2022.

### Long-term Debt

At year-end, the Town had \$878,192 in long-term debt outstanding compared to \$984,583 last year, a decrease of \$106,391. Of the total debt outstanding \$843,867 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 \$34,325.

The following table illustrates the total Long-term Debt of the Town of Tunica as of September 30, 2022:

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

|                      | Government Activities |               | Business-Type Activities |                | Totals         |                | Increase         | Percentage     |
|----------------------|-----------------------|---------------|--------------------------|----------------|----------------|----------------|------------------|----------------|
|                      | 2022                  | 2021          | 2022                     | 2021           | 2022           | 2021           | (Decrease)       | Change         |
| Other Loans          | \$ -                  | -             | 843,867                  | 965,789        | 843,867        | 965,789        | (121,922)        | -12.62%        |
| Compensated Absences | 25,721                | 15,866        | 8,604                    | 2,928          | 34,325         | 18,794         | 15,531           | 82.64%         |
| <b>Totals:</b>       | <b>\$ 25,721</b>      | <b>15,866</b> | <b>852,471</b>           | <b>968,717</b> | <b>878,192</b> | <b>984,583</b> | <b>(106,391)</b> | <b>-10.81%</b> |

More detailed information about the Town's long-term liabilities is presented in Note (10) of the Notes to Financial Statements.

### 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 2023 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.



**TOWN OF TUNICA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2022**

**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**

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**For the Year Ended September 30, 2022**

|  | <b>Primary Government</b>      |                                 |                   |
|--|--------------------------------|---------------------------------|-------------------|
|  | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>      |
| <b>ASSETS</b>  |                                |                                 |                   |
| Cash and cash equivalents                                    | \$ 4,070,359                   | 42,254                          | 4,112,613         |
| Receivables:   |                                |                                 |                   |
| Property tax receivable                                      | 161,440                        | 22,527                          | 183,967           |
| Fines receivable, net of uncollectible                       | 14,941                         | -                               | 14,941            |
| Franchise fees receivable                                    | 3,078                          | -                               | 3,078             |
| Intergovernmental receivable                                 | 402,736                        | 488                             | 403,224           |
| Accounts receivable  | -                              | 456,994                         | 456,994           |
| Leases receivable  | 160,162                        | -                               | 160,162           |
| Internal Balances  | (26,864)                       | 26,864                          | -                 |
| Restricted assets:   |                                |                                 |                   |
| Cash and cash equivalents                                    | -                              | 94,448                          | 94,448            |
| Capital assets, net  |                                |                                 |                   |
| Land and construction in progress                            | 1,122,609                      | 13,500                          | 1,136,109         |
| Right-Of-Use assets, net                                     | 1,800                          | -                               | 1,800             |
| Other capital assets, net                                    | 2,909,939                      | 4,612,475                       | 7,522,414         |
| <b>Total Assets</b>  | <b>8,820,200</b>               | <b>5,269,550</b>                | <b>14,089,750</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                                |                                 |                   |
| Deferred outflows related to pensions                        | 278,371                        | 119,302                         | 397,673           |
| <b>Total Deferred Outflows of Resources</b>                  | <b>278,371</b>                 | <b>119,302</b>                  | <b>397,673</b>    |
| <b>LIABILITIES</b>   |                                |                                 |                   |
| Accounts payable and accrued expenses                        | 86,583                         | 56,189                          | 142,772           |
| Unearned revenue   | 606,205                        | -                               | 606,205           |
| Amounts held in custody for others                           | 34,326                         | -                               | 34,326            |
| Lease liabilities  | 1,800                          | -                               | 1,800             |
| Accrued interest payable                                     | -                              | 1,770                           | 1,770             |
| Debt due within one year - capital debt                      | -                              | 125,146                         | 125,146           |
| Debt due in more than one year - capital debt                | -                              | 718,721                         | 718,721           |
| Net Pension Liability  | 2,478,840                      | 1,062,362                       | 3,541,202         |
| Compensated absences   | 25,721                         | 8,604                           | 34,325            |
| Liabilities payable from restricted assets-Customer deposits | -                              | 94,448                          | 94,448            |
| <b>Total Liabilities</b>                                     | <b>3,233,475</b>               | <b>2,067,240</b>                | <b>5,300,715</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                                |                                 |                   |
| Deferred inflows related to pensions                         | 86,867                         | 37,228                          | 124,095           |
| Deferred inflows related to leases                           | 160,162                        | -                               | 160,162           |
| Deferred revenues-property tax                               | 161,440                        | 22,527                          | 183,967           |
| <b>Total Deferred Inflows of Resources</b>                   | <b>408,469</b>                 | <b>59,755</b>                   | <b>468,224</b>    |
| <b>NET POSITION</b>  |                                |                                 |                   |
| Net investment in capital assets                             | 4,032,548                      | 3,782,108                       | 7,814,656         |
| Restricted:  |                                |                                 | that's            |
| General Government   | 243,791                        | -                               | 243,791           |
| Public safety  | 870,989                        | -                               | 870,989           |
| Unrestricted   | 309,299                        | (520,251)                       | (210,952)         |
| <b>Total Net Position</b>                                    | <b>\$ 5,456,627</b>            | <b>3,261,857</b>                | <b>8,718,484</b>  |

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2022**

| FUNCTIONS/PROGRAMS                          | Expenses            | Program Revenues                            |  | Net (Expense) Revenue and Change in Net Position |                             |                    |
|---|---------------------|---|--|--|-----------------------------|--------------------|
|   |                     | Fees, Fines,<br>and Charges<br>for Services | Operating<br>Grants and<br>Contributions | Primary Government                               |                             | Total              |
|   |                     |   |  | Governmental<br>Activities                       | Business-type<br>Activities |                    |
| <b>Governmental activities:</b>             |                     |   |  |  |                             |                    |
| Municipal Court                             | \$ 104,457          | 45,597                                      | -  | (58,860)   |                             | (58,860)           |
| Administrative                              | 436,213             | 9,889                                       | 513                                      | (425,811)  |                             | (425,811)          |
| Municipal Complex                           | 37,380              | -   | -  | (37,380)   |                             | (37,380)           |
| Shop maintenance                            | 43,726              | -   | -  | (43,726)   |                             | (43,726)           |
| Police Department                           | 640,076             | -   | -  | (640,076)  |                             | (640,076)          |
| Fire Department                             | 184,198             | -   | 89,753                                   | (94,445)   |                             | (94,445)           |
| Streets                                     | 720,777             | -   | -  | (720,777)  |                             | (720,777)          |
| Special Projects                            | 52,888              | -   | -  | (52,888)   |                             | (52,888)           |
| Main Street                                 | 39,742              | -   | -  | (39,742)   |                             | (39,742)           |
| Urban Renewal                               | 75,050              | -   | -  | (75,050)   |                             | (75,050)           |
| Pension Expense                             | 179,678             | -   | -  | (179,678)  |                             | (179,678)          |
| <b>Total governmental activities</b>        | <b>2,514,185</b>    | <b>55,486</b>                               | <b>90,266</b>                            | <b>(2,368,433)</b>                               |                             | <b>(2,368,433)</b> |
| <b>Business-type activities:</b>            |                     |   |  |  |                             |                    |
| Utility Fund                                | 1,564,455           | 898,026                                     | -  |  | (666,429)                   | (666,429)          |
| <b>Total business-type activities</b>       | <b>1,564,455</b>    | <b>898,026</b>                              | <b>-</b>                                 |  | <b>(666,429)</b>            | <b>(666,429)</b>   |
| <b>Total primary government</b>             | <b>\$ 4,078,640</b> | <b>953,512</b>                              | <b>90,266</b>                            | <b>(2,368,433)</b>                               | <b>(666,429)</b>            | <b>(3,034,862)</b> |
| <b>General revenues:</b>                    |                     |   |  |  |                             |                    |
| Property taxes                              |                     |   |  | \$ 195,085                                       | 26,917                      | 222,002            |
| Sales and tourism tax                       |                     |   |  | 509,929  | -                           | 509,929            |
| Franchise taxes                             |                     |   |  | 57,201   | -                           | 57,201             |
| Other taxes                                 |                     |   |  | 1,980,446  | -                           | 1,980,446          |
| Unrestricted interest income                |                     |   |  | 12,347   | 366                         | 12,713             |
| Other income                                |                     |   |  | 62,766   | -                           | 62,766             |
| Gain (loss) on disposal of assets           |                     |   |  | (2,141)  | -                           | (2,141)            |
| Transfers                                   |                     |   |  | (358,578)  | 358,578                     | -                  |
| <b>Total general revenues and transfers</b> |                     |   |  | <b>2,457,055</b>                                 | <b>385,861</b>              | <b>2,842,916</b>   |
| <b>Change in net position</b>               |                     |   |  | <b>88,622</b>                                    | <b>(280,568)</b>            | <b>(191,946)</b>   |
| <b>Net Position - beginning</b>             |                     |   |  | <b>5,368,005</b>                                 | <b>3,542,425</b>            | <b>8,910,430</b>   |
| <b>Net Position, ending</b>                 |                     |   |  | <b>\$ 5,456,627</b>                              | <b>3,261,857</b>            | <b>8,718,484</b>   |

**TOWN OF TUNICA, MISSISSIPPI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**September 30, 2022**

|  | <u>Major Funds</u>  |                | <u>Other</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                  | \$ 2,343,287        | 870,420        | 856,652             | 4,070,359           |
| Receivables:                               |                     |                |                     |                     |
| Property taxes                             | 161,440             | -              | -                   | 161,440             |
| Fines, net of uncollectible                | 14,941              | -              | -                   | 14,941              |
| Franchise fee                              | 3,078               | -              | -                   | 3,078               |
| Intergovernmental                          | 402,167             | 569            | -                   | 402,736             |
| Leases                                     | 160,162             | -              | -                   | 160,162             |
| Advances to other funds                    | 5,083               | 4,621          | -                   | 9,704               |
| <b>Total Assets</b>                        | <u>3,090,158</u>    | <u>875,610</u> | <u>856,652</u>      | <u>4,822,420</u>    |
| <b>LIABILITIES</b>                         |                     |                |                     |                     |
| Accounts payable                           | 67,109              | -              | 1,573               | 68,682              |
| Accrued expenses                           | 17,901              | -              | -                   | 17,901              |
| Unearned revenue                           | -                   | -              | 606,205             | 606,205             |
| Amounts held in custody for others         | 34,326              | -              | -                   | 34,326              |
| Advances from other funds                  | 31,485              | -              | 5,083               | 36,568              |
| <b>Total Liabilities</b>                   | <u>150,821</u>      | <u>-</u>       | <u>612,861</u>      | <u>763,682</u>      |
| <b>Deferred Inflows of Resources</b>       |                     |                |                     |                     |
| Unavailable revenue-property taxes         | 161,440             | -              | -                   | 161,440             |
| Unavailable revenue-leases                 | 160,162             | -              | -                   | 160,162             |
| Unavailable revenue- fines                 | 14,941              | -              | -                   | 14,941              |
| <b>Total Deferred Inflows of Resources</b> | <u>336,543</u>      | <u>-</u>       | <u>-</u>            | <u>336,543</u>      |
| <b>FUND BALANCES</b>                       |                     |                |                     |                     |
| Nonspendable:                              |                     |                |                     |                     |
| Advances                                   | 5,083               | -              | -                   | 5,083               |
| Restricted for:                            |                     |                |                     |                     |
| General Government                         | -                   | -              | 243,791             | 243,791             |
| Public safety                              | -                   | 875,610        | -                   | 875,610             |
| Unassigned                                 | 2,597,711           | -              | -                   | 2,597,711           |
| <b>Total Fund Balances</b>                 | <u>2,602,794</u>    | <u>875,610</u> | <u>243,791</u>      | <u>3,722,195</u>    |
| <b>Total Liabilities, Deferred Inflows</b> |                     |                |                     |                     |
| <b>    of Resources, and Fund Balances</b> | <u>\$ 3,090,158</u> | <u>875,610</u> | <u>856,652</u>      | <u>4,822,420</u>    |

**TOWN OF TUNICA, MISSISSIPPI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2022**

|   | <u>Amount</u>              |
|---|----------------------------|
| Total fund balance - Governmental Funds   | \$ 3,722,195               |
| Amounts reported for governmental activities 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 \$6,701,159. | 4,034,348                  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.  | 14,941                     |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.  | (2,478,840)                |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.  | (27,521)                   |
| 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  | 278,371                    |
| Deferred inflows of resources related to pensions   | (86,867)                   |
| Total Net Position - Governmental Activities  | \$ <u><u>5,456,627</u></u> |

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2022**

|  | <u>Major Funds</u>  |                | <u>Other</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>REVENUES:</b>                             |                     |                |                     |                     |
| Taxes  | \$ 195,085          | -              | -                   | 195,085             |
| Licenses and permits                         | 9,889               | -              | -                   | 9,889               |
| Intergovernmental:                           |                     |                |                     |                     |
| State of Mississippi:                        |                     |                |                     |                     |
| General sales tax                            | 509,929             | -              | -                   | 509,929             |
| General municipal aid                        | 513                 | -              | -                   | 513                 |
| Gaming tax                                   | 1,960,108           | -              | -                   | 1,960,108           |
| Liquor Licenses                              | 2,700               | -              | -                   | 2,700               |
| Gasoline tax                                 | 3,143               | -              | -                   | 3,143               |
| Fire protection                              | -                   | 12,968         | -                   | 12,968              |
| Grand gulf                                   | 14,495              | -              | -                   | 14,495              |
| Tunica County:                               |                     |                |                     |                     |
| Fire protection                              | -                   | 76,785         | -                   | 76,785              |
| Franchise tax                                | 57,201              | -              | -                   | 57,201              |
| Fines and forfeitures                        | 36,251              | -              | -                   | 36,251              |
| Interest income                              | 10,730              | 670            | 947                 | 12,347              |
| Rental income                                | 25,592              | -              | 35,082              | 60,674              |
| Miscellaneous                                | 2,092               | -              | -                   | 2,092               |
| Total revenues:                              | <u>2,827,728</u>    | <u>90,423</u>  | <u>36,029</u>       | <u>2,954,180</u>    |
| <b>EXPENDITURES:</b>                         |                     |                |                     |                     |
| Municipal Court                              | 114,137             | -              | -                   | 114,137             |
| Administrative                               | 477,929             | -              | -                   | 477,929             |
| Municipal Complex                            | 20,571              | -              | -                   | 20,571              |
| Shop Maintenance                             | 43,726              | -              | -                   | 43,726              |
| Police Department                            | 702,862             | -              | -                   | 702,862             |
| Fire Department                              | 142,879             | -              | -                   | 142,879             |
| Streets                                      | 730,585             | -              | -                   | 730,585             |
| Special Projects                             | 25,000              | -              | -                   | 25,000              |
| Main Street                                  | 39,742              | -              | -                   | 39,742              |
| Urban renewal                                | -                   | -              | 39,549              | 39,549              |
| Total expenditures                           | <u>2,297,431</u>    | <u>-</u>       | <u>39,549</u>       | <u>2,336,980</u>    |
| Excess of Revenues over (under) Expenditures | <u>530,297</u>      | <u>90,423</u>  | <u>(3,520)</u>      | <u>617,200</u>      |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                     |                |                     |                     |
| Proceeds from sale of capital assets         | 18,488              | -              | -                   | 18,488              |
| Transfers in                                 | -                   | -              | 18,167              | 18,167              |
| Transfers out                                | (376,745)           | -              | -                   | (376,745)           |
| Net other financing sources (uses)           | <u>(358,257)</u>    | <u>-</u>       | <u>18,167</u>       | <u>(340,090)</u>    |
| Net change in fund balances                  | <u>172,040</u>      | <u>90,423</u>  | <u>14,647</u>       | <u>277,110</u>      |
| <b>Fund balances, beginning</b>              | <u>2,430,754</u>    | <u>785,187</u> | <u>229,144</u>      | <u>3,445,085</u>    |
| <b>Fund balance, ending</b>                  | <u>\$ 2,602,794</u> | <u>875,610</u> | <u>243,791</u>      | <u>3,722,195</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, 2022**

|  | Amount     |
|--|------------|
| Net Change in Fund Balances - Governmental Funds   | \$ 277,110 |
| 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 \$296,397 exceeded capital outlays of \$161,129 in the current period.  | (135,268)  |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$2,141 in the current period and the proceeds from the sale of \$18,488.   | (20,629)   |
| 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.   | 9,345      |
| 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   | (9,855)    |
| 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  | (179,678)  |
| Recognition of contributions made  | 147,597    |
| Change in Net Position of Governmental Activities  | \$ 88,622  |



**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF NET POSITION- PROPRIETARY FUND**  
**September 30, 2022**

|   | <u>Business-Type Activities</u> |
|---|---------------------------------|
|   | <u>Enterprise Fund</u>          |
|   | <u>Utility</u>                  |
|   | <u>Fund</u>                     |
| <b>ASSETS</b>                               |                                 |
| Current assets:                             |                                 |
| Cash and cash equivalents                   | \$ 42,254                       |
| Property tax receivable                     | 22,527                          |
| Intergovernmental receivables               | 488                             |
| Accounts receivable                         | 456,994                         |
| Advances to other funds                     | 26,864                          |
| Total Current Assets                        | <u>549,127</u>                  |
| Non-current assets:                         |                                 |
| Restricted assets - cash                    | 94,448                          |
| Capital assets:                             |                                 |
| Land and construction in progress           | 13,500                          |
| Other capital assets, net                   | 4,612,475                       |
| Total Non-Current Assets                    | <u>4,720,423</u>                |
| <b>Total Assets</b>                         | <u><u>5,269,550</u></u>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                 |
| Deferred outflows related to pensions       | 119,302                         |
| <b>Total Deferred Outflows of Resources</b> | <u><u>119,302</u></u>           |
| <b>LIABILITIES</b>                          |                                 |
| Current liabilities:                        |                                 |
| Accounts payable and accrued expenses       | 3,052                           |
| Claims payable                              | 53,137                          |
| Accrued interest payable                    | 1,770                           |
| Capital debt:                               |                                 |
| Current portion of long-term debt           | 125,146                         |
| Total Current Liabilities                   | <u>183,105</u>                  |
| Non-current liabilities:                    |                                 |
| Liabilities payable from restricted assets: |                                 |
| Customer deposits                           | 94,448                          |
| Net pension liability                       | 1,062,362                       |
| Capital debt:                               |                                 |
| Notes payable                               | 718,721                         |
| Non-capital debt:                           |                                 |
| Compensated absences                        | 8,604                           |
| Total Non-Current Liabilities               | <u>1,884,135</u>                |
| <b>Total Liabilities</b>                    | <u><u>2,067,240</u></u>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                                 |
| Deferred inflows related to pensions        | 37,228                          |
| Deferred revenues- property tax             | 22,527                          |
| <b>Total Deferred Inflows of Resources</b>  | <u><u>59,755</u></u>            |
| <b>NET POSITION</b>                         |                                 |
| Net investment in capital assets            | 3,782,108                       |
| Unrestricted                                | (520,251)                       |
| <b>Total Net Position</b>                   | <u><u>\$ 3,261,857</u></u>      |

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION- PROPRIETARY FUND**  
**For the Year Ended September 30, 2022**

|   | <b>Business-Type Activities<br/>Enterprise Fund<br/>Utility<br/>Fund</b> |
|---|--|
| <b>OPERATING REVENUES:</b>                          |  |
| Charges for services:                               |  |
| Utility fees  | \$ 886,552   |
| Other Fees  | 11,474   |
| <b>Total Operating Revenues</b>                     | <b>898,026</b>   |
| <b>OPERATING EXPENSES:</b>                          |  |
| Personal services                                   | 467,492  |
| Contractual services                                | 269,459  |
| Consumable supplies                                 | 375,316  |
| Depreciation expense                                | 350,118  |
| Pension expense                                     | 77,005   |
| <b>Total Operating Expenses</b>                     | <b>1,539,390</b>   |
| <b>Operating Income (Loss)</b>                      | <b>(641,364)</b>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>            |  |
| Property Taxes                                      | 26,917   |
| Interest income                                     | 366  |
| Gain (loss) on disposal of assets                   | (2,356)  |
| Interest expense                                    | (22,709)   |
| <b>Total Non-operating Revenues (Expenses)</b>      | <b>2,218</b>   |
| <b>Net Income (Loss) Before Operating Transfers</b> | <b>(639,146)</b>   |
| <b>OPERATING TRANSFERS:</b>                         |  |
| Operating Transfers in                              | 358,578  |
| <b>Net Operating Transfers</b>                      | <b>358,578</b>   |
| <b>Change in Net Position</b>                       | <b>(280,568)</b>   |
| <b>Net Position - Beginning</b>                     | <b>3,542,425</b>   |
| <b>Net Position - Ending</b>                        | <b>\$ 3,261,857</b>  |

**TOWN OF TUNICA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS- PROPRIETARY FUND**  
**For the Year Ended September 30, 2022**

|   | <u>Business-Type Activities</u> |
|---|---------------------------------|
|   | <u>Enterprise Fund</u>          |
|   | <u>Utility</u>                  |
|   | <u>Fund</u>                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                                 |
| Cash received from customers and users                                      | \$ 958,011                      |
| Other income  | 11,474                          |
| Payments to employees for services  | (532,232)                       |
| Payments to suppliers for goods and services                                | (644,775)                       |
| <b>Net Cash Provided (Used) by Operating Activities</b>                     | <u>(207,522)</u>                |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                     |                                 |
| Property tax income   | 26,779                          |
| Operating transfers, net  | 358,578                         |
| <b>Net Cash Provided (Used) by Noncapital Financing Activities</b>          | <u>385,357</u>                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>            |                                 |
| Interest income   | 366                             |
| Acquisition of property and equipment                                       | (20,110)                        |
| Principal payments on long-term debt  | (121,922)                       |
| Interest paid on bonds, loans and capital leases                            | (22,975)                        |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b> | <u>(164,641)</u>                |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                 | 13,194                          |
| <b>Cash and Cash Equivalents, October 1</b>                                 | <u>123,508</u>                  |
| <b>Cash and Cash Equivalents, September 30</b>                              | <u>\$ 136,702</u>               |
| <b>RECONCILIATION OF OPERATING INCOME TO NET</b>                            |                                 |
| <b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                         |                                 |
| Operating income (loss)   | \$ (641,364)                    |
| Adjustments to reconcile operating income (loss)                            |                                 |
| to net cash provided (used) by operating activities:                        |                                 |
| Depreciation  | 350,118                         |
| (Increase) decrease in accounts receivable                                  | 85,100                          |
| (Increase) decrease in deferred outflows of resources                       | (23,283)                        |
| Increase (decrease) in accounts payable and accrued expenses                | (7,162)                         |
| Increase (decrease) in claims payable                                       | (17,380)                        |
| Increase (decrease) in customer deposits                                    | 3,740                           |
| Increase (decrease) in compensated absences                                 | 5,676                           |
| Increase (decrease) in net pension liability                                | 266,747                         |
| Increase (decrease) in deferred inflows of resources                        | (229,714)                       |
| Total adjustments   | <u>433,842</u>                  |
| <b>Net Cash Provided (Used) by Operating Activities</b>                     | <u>\$ (207,522)</u>             |

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

**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/net position, revenues and expenditures/expenses. Funds are organized into governmental and proprietary. 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, 2022**

C. Measurement Focus and Basis of Accounting.

The Government-wide and Proprietary Fund 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.

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 fund 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.

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.

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.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

**PROPRIETARY FUND TYPE**

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

**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. However, the Town did not invest in any governmental securities during the fiscal year.

**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 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

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. 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<br>Thresholds | Estimated<br>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                |
| Intangible right to use equipment | *                            | *                        |

\* Intangible assets for the Town represent the right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no maximum amortization period. Intangible assets with indefinite lives should not be amortized. The term "depreciation" includes the amortization of intangible assets.

**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.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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 9 for additional details.

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

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 9 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.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

**L. Equity Classifications.**

**Government-wide Financial Statements:**



**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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:

*Nonspendable fund balance* includes amounts that reflect assets not in spendable form such as receivables that have not yet been repaid and have been converted to advances on the fund financial statements.

*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, 2022**

**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 unpaid employee benefits as long-term liabilities in the government-wide financial statements and

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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.

**P. Changes in Accounting Standards.**

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

**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.

**Note 3: Deposits**

The carrying amount of the Town's total deposits with financial institutions at September 30, 2022, was

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\$4,207,061 and the bank balance was \$4,203,029. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

**Note 4: Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2022:

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

| <u>Receivable fund</u> | <u>Payable Fund</u>      | <u>Amount</u>    |
|------------------------|--------------------------|------------------|
| Fire Fund              | General Fund             | \$ 4,621         |
| Utility Fund           | General Fund             | 26,864           |
| General Fund           | Other Governmental Funds | 5,083            |
| Total                  |                          | <u>\$ 36,568</u> |

The principal purpose of the advances from Fire Fund to General Fund was for repairs shared by both funds allocated as a due to/due from in the prior year that has not yet been repaid. The transactions between the General Fund and Utility Fund are for routine transactions in the prior year that have not yet been repaid. The transactions between General Fund and Other Governmental Funds are for covering expenses of those funds in the prior year that have not been repaid.

**B. Transfers In/Out:**

| <u>Transfers In</u>      | <u>Transfers Out</u> | <u>Amount</u>     |
|--------------------------|----------------------|-------------------|
| Other Governmental Funds | General Fund         | \$ 18,167         |
| Utility Fund             | General Fund         | 358,578           |
| Total                    |                      | <u>\$ 376,745</u> |

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 as well as sewer improvement expenditures.

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**Note 5: Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2022, consisted of the following:

|                               |                   |
|-------------------------------|-------------------|
| Governmental Activities:      |                   |
| Gaming revenue                | \$ 319,950        |
| Sales tax                     | 77,818            |
| Other receivables             | 4,968             |
| Total Governmental Activities | <u>\$ 402,736</u> |
| Business-type Activities:     |                   |
| Tax collector receivable      | <u>\$ 488</u>     |

**Note 6: Restricted Assets**

The balance of the restricted assets account in the enterprise fund is as follows:

|                               |                  |
|-------------------------------|------------------|
| Public Utility meter deposits | <u>\$ 94,448</u> |
|-------------------------------|------------------|

**Note 7: Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2022:

|  | Balance<br>Oct. 1, 2021    | Additions               | Deletions            | Adjustments         | Balance<br>Sept. 30, 2022 |
|--|----------------------------|-------------------------|----------------------|---------------------|---------------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>                    |                            |                         |                      |                     |                           |
| Non-Depreciable Capital Assets:                    |                            |                         |                      |                     |                           |
| Land   | \$ 1,122,609               | -                       | -                    | -                   | 1,122,609                 |
| Total Non-Depreciable Capital Assets               | <u>1,122,609</u>           | <u>-</u>                | <u>-</u>             | <u>-</u>            | <u>1,122,609</u>          |
| Depreciable Capital Assets:                        |                            |                         |                      |                     |                           |
| Buildings  | 3,553,949                  | -                       | -                    | -                   | 3,553,949                 |
| Improvements                                       | 1,356,369                  | -                       | -                    | -                   | 1,356,369                 |
| Machinery & Equipment                              | 2,700,995                  | 161,129                 | 35,228               | -                   | 2,826,896                 |
| Furniture & Fixtures                               | 622,885                    | -                       | -                    | -                   | 622,885                   |
| Infrastructure                                     | 1,241,999                  | -                       | -                    | -                   | 1,241,999                 |
| Intangible right to use equipment                  | -                          | -                       | -                    | 10,800              | 10,800                    |
| Total Depreciable Capital Assets                   | <u>9,476,197</u>           | <u>161,129</u>          | <u>35,228</u>        | <u>10,800</u>       | <u>9,612,898</u>          |
| Accumulated Depreciation:                          |                            |                         |                      |                     |                           |
| Buildings  | 1,578,995                  | 69,479                  | -                    | -                   | 1,648,474                 |
| Improvements                                       | 1,049,835                  | 23,764                  | -                    | -                   | 1,073,599                 |
| Machinery & Equipment                              | 2,269,820                  | 134,059                 | 14,599               | -                   | 2,389,280                 |
| Furniture & Fixtures                               | 541,054                    | 6,995                   | -                    | -                   | 548,049                   |
| Infrastructure                                     | 970,657                    | 62,100                  | -                    | -                   | 1,032,757                 |
| Intangible right to use equipment                  | -                          | 2,160                   | -                    | 6,840               | 9,000                     |
| Total Acc. Depreciation                            | <u>6,410,361</u>           | <u>298,557</u>          | <u>14,599</u>        | <u>6,840</u>        | <u>6,701,159</u>          |
| Total Depreciable Capital Assets, Net              | <u>3,065,836</u>           | <u>(137,428)</u>        | <u>20,629</u>        | <u>3,960</u>        | <u>2,911,739</u>          |
| <b>Governmental activities capital assets, net</b> | <u><b>\$ 4,188,445</b></u> | <u><b>(137,428)</b></u> | <u><b>20,629</b></u> | <u><b>3,960</b></u> | <u><b>4,034,348</b></u>   |

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|  | <u>Balance</u><br><u>Oct. 1, 2021</u> | <u>Additions</u>        | <u>Deletions</u>    | <u>Adjustments</u> | <u>Balance</u><br><u>Sept. 30, 2022</u> |
|--|---------------------------------------|-------------------------|---------------------|--------------------|---|
| <b>BUSINESS-TYPE:</b>                    |                                       |                         |                     |                    |   |
| Non-Depreciable Capital Assets:          |                                       |                         |                     |                    |   |
| Land                                     | \$ 13,500                             | -                       | -                   | -                  | 13,500                                  |
| Total Non-Depreciable Capital Assets     | <u>13,500</u>                         | <u>-</u>                | <u>-</u>            | <u>-</u>           | <u>13,500</u>                           |
| Depreciable Capital Assets:              |                                       |                         |                     |                    |   |
| Water and Sewer Infrastructure           | 13,077,740                            | 5,110                   | -                   | -                  | 13,082,850                              |
| Machinery & Equipment                    | 266,667                               | 15,000                  | 6,800               | -                  | 274,867                                 |
| Vehicles                                 | 603,801                               | -                       | 38,551              | -                  | 565,250                                 |
| Total Depreciable Capital Assets         | <u>13,948,208</u>                     | <u>20,110</u>           | <u>45,351</u>       | <u>-</u>           | <u>13,922,967</u>                       |
| Accumulated Depreciation:                |                                       |                         |                     |                    |   |
| Water and Sewer Infrastructure           | 8,357,093                             | 302,596                 | -                   | -                  | 8,659,689                               |
| Machinery & Equipment                    | 267,536                               | 27,488                  | 6,800               | -                  | 288,224                                 |
| Vehicles                                 | 378,740                               | 20,034                  | 36,195              | -                  | 362,579                                 |
| Total Acc. Depreciation                  | <u>9,003,369</u>                      | <u>350,118</u>          | <u>42,995</u>       | <u>-</u>           | <u>9,310,492</u>                        |
| Total Depreciable Capital Assets, net    | <u>4,944,839</u>                      | <u>(330,008)</u>        | <u>2,356</u>        | <u>-</u>           | <u>4,612,475</u>                        |
| <b>Business-type capital assets, net</b> | <u><b>\$ 4,958,339</b></u>            | <u><b>(330,008)</b></u> | <u><b>2,356</b></u> | <u><b>-</b></u>    | <u><b>4,625,975</b></u>                 |

Depreciation expense was charged to the following functions:

|  | <u>Amount</u>            |
|--|--------------------------|
| <b>Governmental activities:</b>                    |                          |
| Municipal Court                                    | \$ 748                   |
| Administrative                                     | 1,979                    |
| Municipal Complex                                  | 16,809                   |
| Police Department                                  | 44,999                   |
| Fire Department                                    | 60,627                   |
| Streets  | 110,007                  |
| Special Projects                                   | 27,888                   |
| Urban renewal                                      | 35,500                   |
| Total governmental activities depreciation expense | <u><u>\$ 298,557</u></u> |
| <b>Business-type:</b>                              |                          |
| Sanitation   | \$ 47,522                |
| Water and sewer                                    | 302,596                  |
| Total business-type depreciation expense           | <u><u>\$ 350,118</u></u> |

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**Note 8: Leases**

The Town is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the Town recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the Town recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a Town of lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the Town and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessor:

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. The lease stipulated that it would be automatically renewed in five-year periods at the same terms. The current extension of the lease expires on February 18, 2026.

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 increased to approximately \$1,353 per month for an additional five years.

As of November 1, 2021, the Town entered into a non-cancellable operating lease agreement, which does not give rise to property rights, with Penny P. Franklin for the lease of the deli building owned by the Town for the purpose of operating Tunica Nutrition. The operating lease stipulated that the lease would pay approximately \$300 per month in lease payments commencing November 1, 2021, for a term of thirteen months.

As of February 1, 2022, the Town entered into a non-cancellable operating lease agreement, which does not give rise to property rights, with James Jeffcoat for the lease of the grocery store building owned by the Town for the purpose of operating Jeffcoat's Family Market. The operating lease stipulated that the

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lease would pay approximately \$1,500 per month in lease payments commencing February 1, 2022, for a term of three years.

The Town receives income from property it leases under noncancellable operating leases. Total income from such leases was \$60,674 for the year ended September 30, 2022. The future minimum lease receivables for these leases are as follows:

| <u>Year Ending September 30:</u> | <u>Amount</u>     |
|----------------------------------|-------------------|
| 2023                             | \$ 47,316         |
| 2024                             | 47,316            |
| 2025                             | 36,816            |
| 2026                             | 20,596            |
| 2027                             | 8,118             |
| Total                            | <u>\$ 160,162</u> |

As Lessee:

The intangible right to use equipment at September 30, 2022, is as follows:

|                 | <u>Oct. 1, 2021</u> | <u>Additions</u> | <u>Amortization</u> | <u>Sept. 30, 2022</u> |
|-----------------|---------------------|------------------|---------------------|-----------------------|
| Kyocera Copiers | \$ -                | 10,800           | 9,000               | 1,800                 |
| Total           | <u>-</u>            | <u>10,800</u>    | <u>9,000</u>        | <u>1,800</u>          |

See Note 7 for further details regarding intangible right to use equipment, which represents leased assets.

**Note 9: 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



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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 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, 2022, 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, 2022 was 17.40% 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, 2022, 2021, and 2020 were \$210,852, \$211,156, and \$209,486, 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, 2022, the Town reported a liability of \$3,541,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.0172040 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.0007390 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the Town recognized pension expense of \$256,683. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 51,144                         | -                                |
| Net difference between projected and actual earnings<br>on pension plan investments                                       | 162,503                           | -                                |
| Changes of assumptions  | 127,732                           | -                                |
| Changes in the proportion and differences between the<br>Town's contributions and proportionate share of<br>contributions | -                                 | 124,095                          |
| Town contributions subsequent to the measurement<br>date  | 56,294                            | -                                |
| Total   | \$ 397,673                        | 124,095                          |

\$56,294 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending September 30:</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2023                             | \$ 43,833     |
| 2024                             | 41,465        |
| 2025                             | (60,163)      |
| 2026                             | 192,149       |
| Total                            | \$ 217,284    |

Actuarial Assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.40 percent  |
| Salary increases          | 2.65– 17.90 percent, including inflation                                  |
| Investment rate of return | 7.55 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 100% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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The long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class            | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|------------------------|----------------------|---|
| Domestic Equity        | 25.00 %              | 4.60 %                                    |
| International Equity   | 20.00                | 4.50                                      |
| Global Equity          | 12.00                | 4.85                                      |
| Fixed Income           | 18.00                | 1.40                                      |
| Real Estate            | 10.00                | 3.65                                      |
| Private Equity         | 10.00                | 6.00                                      |
| Private Infrastructure | 2.00                 | 4.00                                      |
| Private Credit         | 2.00                 | 4.00                                      |
| Cash Equivalents       | 1.00                 | (0.10)                                    |
|                        | <u>100.00 %</u>      |   |

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 (17.40%). 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

|  | 1% Decrease<br>(6.55%) | Discount Rate<br>(7.55%) | 1% Increase<br>(8.55%) |
|--|------------------------|--------------------------|------------------------|
| Town's proportionate share of<br>the net pension liability | \$ 4,621,640           | 3,541,202                | 2,650,449              |

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

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**Note 10: Long-term Debt**

Debt outstanding as of September 30, 2022, consisted of the following:

| Description and Purpose          | Amount<br>Outstanding | Interest<br>Rate | Final Maturity<br>Date |
|----------------------------------|-----------------------|------------------|------------------------|
| <b>Business-Type Activities:</b> |                       |                  |                        |
| A. Other Loans:                  |                       |                  |                        |
| SRFL 2008- Lagoon                | 598,316               | 2.75%            | 02/2028                |
| SRFL 2013- West Well             | 245,551               | 1.95%            | 03/2033                |
| Total Other Loans                | \$ <u>843,867</u>     |                  |                        |

Pledge of Future Revenues - The town has pledged future sales tax revenues to repay the \$843,867 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 13% of net revenues. The total principal and interest remaining to be paid on the bonds is \$916,414. Principal and interest paid for the current year and total sales tax revenue were \$121,922 and \$22,975, respectively.

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

| <b>Business-type Activities:</b> |                   |               |  |
|----------------------------------|-------------------|---------------|--|
| Year Ending September 30         | Other Loans       |               |  |
|                                  | Principal         | Interest      |  |
| 2023                             | \$ 125,146        | 19,750        |  |
| 2024                             | 128,458           | 16,439        |  |
| 2025                             | 131,858           | 13,038        |  |
| 2026                             | 135,349           | 9,547         |  |
| 2027                             | 138,934           | 5,962         |  |
| 2028-2032                        | 171,256           | 7,737         |  |
| 2033                             | 12,866            | 74            |  |
| Total                            | \$ <u>843,867</u> | <u>72,547</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, 2022, 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.

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The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

|                                  | Balance<br>Oct. 1, 2021 | Additions    | Reductions     | Adjustments | Balance<br>Sept. 30, 2022 | Amount due<br>within one<br>year |
|----------------------------------|-------------------------|--------------|----------------|-------------|---------------------------|----------------------------------|
| <b>Governmental Activities:</b>  |                         |              |                |             |                           |                                  |
| Compensated absences             | \$ 15,866               | 9,855        | -              | -           | 25,721                    | -                                |
| Total                            | <u>\$ 15,866</u>        | <u>9,855</u> | <u>-</u>       | <u>-</u>    | <u>25,721</u>             | <u>-</u>                         |
| <b>Business-type activities:</b> |                         |              |                |             |                           |                                  |
| Compensated absences             | \$ 2,928                | 5,676        | -              | -           | 8,604                     | -                                |
| Other loans                      | 965,789                 | -            | 121,922        | -           | 843,867                   | 125,146                          |
| Total                            | <u>\$ 968,717</u>       | <u>5,676</u> | <u>121,922</u> | <u>-</u>    | <u>852,471</u>            | <u>125,146</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.

**Note 11: 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 12: Effect of Deferred Amounts on Net Position**

The governmental activities' unrestricted net position amount of \$309,299 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 \$39,406 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, 2023. The \$238,965 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$86867 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next four years.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

The business-type activities' unrestricted deficit net position amount of (\$520,251) 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 \$16,888 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, 2023. The \$102,414 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$37,228 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next four years.

**Note 13: Tax Abatements**

For the fiscal year ended September 30, 2022, the Town of Tunica had no agreements to abate taxes with any entity within the Town.

**Note 14: 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 September 13, 2023, and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

## **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, 2022**

|                                      | UNAUDITED       |           |           |               |
|--------------------------------------|-----------------|-----------|-----------|---------------|
|                                      | Budgeted Amount |           | Actual    | Variance      |
|                                      | Original        | Final     | Non-GAAP  | Favorable     |
|                                      |                 |           | Basis     | (Unfavorable) |
| REVENUES:                            |                 |           |           |               |
| Ad Valorem Taxes                     | \$ 196,915      | 207,484   | 207,484   | -             |
| Licenses, Permits & Franchise Fees   | 57,500          | 68,167    | 68,167    | -             |
| Grants & Intergovernmental           | 1,965,650       | 2,514,427 | 2,514,427 | -             |
| Fines & Forfeits                     | 40,000          | 36,251    | 36,251    | -             |
| Rental Income                        | 24,200          | 25,592    | 25,592    | -             |
| Interest Income                      | 15,000          | 10,730    | 10,730    | -             |
| Miscellaneous Revenues               | 1,500           | 17,632    | 17,632    | -             |
| Total Revenues                       | 2,300,765       | 2,880,283 | 2,880,283 | -             |
| EXPENDITURES:                        |                 |           |           |               |
| Municipal Court                      | 118,240         | 114,005   | 114,005   | -             |
| Administrative                       | 468,300         | 473,404   | 473,404   | -             |
| Municipal Complex                    | 26,750          | 20,571    | 20,571    | -             |
| Shop                                 | 42,050          | 43,726    | 43,726    | -             |
| Police                               | 697,500         | 720,668   | 720,668   | -             |
| Fire                                 | 527,550         | 123,571   | 123,571   | -             |
| Streets                              | 602,450         | 733,769   | 733,769   | -             |
| Special Projects                     | 41,000          | 38,389    | 38,389    | -             |
| Main Street                          | 32,500          | 39,742    | 39,742    | -             |
| Total Expenditures:                  | 2,556,340       | 2,307,845 | 2,307,845 | -             |
| OTHER FINANCING SOURCES (USES):      |                 |           |           |               |
| Transfers in                         | 170,000         | -         | -         | -             |
| Transfers Out                        | -               | (376,745) | (376,745) | -             |
| Total other financing sources (uses) | 170,000         | (376,745) | (376,745) | -             |
| Net Change in Fund Balance           | \$ (85,575)     | 195,693   | 195,693   | -             |



**TOWN OF TUNICA, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – FIRE FUND**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

|   | Budgeted Amount  |               | Actual        | Variance      |
|---|------------------|---------------|---------------|---------------|
|   | Original         | Final         | Non-GAAP      | Favorable     |
|   |                  |               | Basis         | (Unfavorable) |
| <b>REVENUES:</b>                            |                  |               |               |               |
| Grants & Intergovernmental                  | \$ 81,675        | 90,201        | 90,201        | -             |
| Interest Income                             | 600              | 670           | 670           | -             |
| <b>Total Revenues</b>                       | <u>82,275</u>    | <u>90,871</u> | <u>90,871</u> | <u>-</u>      |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |               |               |               |
| Transfers Out                               | (50,000)         | -             | -             | -             |
| <b>Total other financing sources (uses)</b> | <u>(50,000)</u>  | <u>-</u>      | <u>-</u>      | <u>-</u>      |
| <b>Net Change in Fund Balance</b>           | <u>\$ 32,275</u> | <u>90,871</u> | <u>90,871</u> | <u>-</u>      |

**TOWN OF TUNICA, MISSISSIPPI**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE PENSION LIABILITY**  
**LAST 10 FISCAL YEARS\***  
**For the Year Ended September 30, 2022**

**UNAUDITED**

|   | <u>2022</u>  | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town's proportion of the net pension liability (asset)  | 0.017204%    | 0.017943%   | 0.018081%   | 0.018964%   | 0.018326%   | 0.017757%   | 0.018600%   | 0.019840%   |
| Town's proportionate share of the net pension liability (asset) \$  | 3,541,202    | 2,652,047   | 3,500,267   | 3,336,138   | 3,048,158   | 2,951,816   | 3,322,424   | 3,066,873   |
| Covered payroll   | \$ 1,184,366 | 1,213,541   | 1,203,558   | 1,235,096   | 1,170,318   | 1,139,104   | 1,190,020   | 1,239,477   |
| Town's proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | 299.00%      | 218.54%     | 290.83%     | 270.11%     | 260.46%     | 259.13%     | 279.19%     | 247.43%     |
| Plan fiduciary net position as a percentage of the total<br>pension liability                             | 59.93%       | 70.44%      | 58.97%      | 61.59%      | 62.54%      | 61.49%      | 57.47%      | 61.70%      |

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of 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**  
**SCHEDULE OF TOWN CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***  
**For the Year Ended September 30, 2021**

**UNAUDITED**

|  | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 210,852     | 211,156        | 209,486        | 199,180        | 185,428        | 177,860        | 183,403        | 193,196        |
| Contributions in relation to the contractually required contribution | <u>210,852</u> | <u>211,156</u> | <u>209,486</u> | <u>199,180</u> | <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>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       |
| Covered payroll  | \$ 1,211,796   | 1,213,541      | 1,203,944      | 1,235,719      | 1,177,322      | 1,129,273      | 1,164,459      | 1,226,640      |
| Contributions as a percentage of covered payroll                     | 17.40%         | 17.40%         | 17.40%         | 16.12%         | 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, 2022**

**UNAUDITED**

**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 supplementary 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)                      | \$ 195,693                     | 90,871           |
| Increase (Decrease)                      |                                |                  |
| Net adjustments for revenue accruals     | (34,065)                       | (448)            |
| Net adjustments for expenditure accruals | 10,412                         | -                |
| GAAP Basis                               | <u>\$ 172,040</u>              | <u>90,423</u>    |

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

**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. 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%.

**2019**

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
- For females, 84% of female rates up to age 72, 100% for ages above 76.  
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.

**TOWN OF TUNICA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

**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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry age   |
| Amortization method           | Level percentage of payroll, open   |
| Remaining amortization period | 27.7 years  |
| Asset valuation method        | 5-year smoothed market  |
| Price Inflation               | 2.75 percent  |
| Salary increase               | 3.00 percent to 18.25 percent,<br>including inflation                           |
| Investment rate of return     | 7.75 percent, net of pension plan<br>investment expense, including<br>inflation |

## **TOWN OF TUNICA, MISSISSIPPI**

### **OTHER INFORMATION**



**TOWN OF TUNICA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
**September 30, 2022**

**UNAUDITED**

| <b>Name</b>        | <b>Position</b>       | <b>Bond<br/>Amount</b> | <b>Expiration<br/>Date</b> | <b>Surety<br/>Company</b>   |
|--------------------|-----------------------|------------------------|----------------------------|-----------------------------|
| Andrew T. Dulaney  | Mayor                 | 50,000                 | 6/30/2025                  | Travelers Casualty & Surety |
| Lee B. Turner      | Ward 1 Alderman       | 100,000                | 9/30/2025                  | Travelers Casualty & Surety |
| Valerie Hartsfield | Ward 2 Alderman       | 100,000                | 6/30/2025                  | Travelers Casualty & Surety |
| Rebecca Fyfe       | Ward 3 Alderman       | 100,000                | 6/30/2025                  | Travelers Casualty & Surety |
| Adam Fullilove     | Ward 4 Alderman       | 100,000                | 6/30/2025                  | Travelers Casualty & Surety |
| Daniel Pierce      | Ward 5 Alderman       | 100,000                | 6/30/2025                  | Travelers Casualty & Surety |
| Kathryn C. Pennock | Town Clerk            | 50,000                 | 10/1/2023                  | Western Surety Company      |
| Kevin Hatton       | Police Chief          | 50,000                 | indefinite                 | Travelers Casualty & Surety |
| Christy G. Young   | Municipal Court Clerk | 50,000                 | 10/1/2022                  | Western Surety Company      |

## **TOWN OF TUNICA, MISSISSIPPI**

### **SPECIAL REPORTS**

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**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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 13, 2023.

**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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Tunica, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 September 13, 2023, 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

September 13, 2023

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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, 2022, 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 September 13, 2023, 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 a certain immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

1. The Town does not maintain a complete fixed assets subsidiary ledger by classification and failed to conduct an annual inventory of all assets.

**Repeat Finding** Yes, 2018, 2019, 2020, 2021

**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. The Town has begun setting a system up, but it is currently insufficient and incomplete.

|                       |  |
|-----------------------|--|
| <b>Cause</b>          | While the Town has made progress in establishing and maintaining a fixed asset inventory listing, the Town has not completed a comprehensive inventory and listing of the assets owned by the Town.  |
| <b>Effect</b>         | Without a properly functioning inventory system, compliance cannot be maintained and capital assets will not be accurately recorded in the governmental activities.  |
| <b>Recommendation</b> | The Town should follow the system set forth in the Municipal Audit and Accounting Guide Section II C "Property Accounting System". This guide coupled with the Municipal Fixed Asset Manual should be employed and followed by the Town.   |
| <b>Response</b>       | The Inventory Control Clerk is reviewing the manual and we will make the needed changes. Previously our inventory was maintained on an excel spreadsheet. This will be converted to BBI, the inventory software that they provide. Additionally, an annual physical inventory will be conducted and has been conducted for the current year. |

**2.** Public Officials Should Ensure Compliance with State Law over Requirements for Competitive Bids and/or Quotes

|                       |   |
|-----------------------|---|
| <b>Repeat Finding</b> | No  |
| <b>Criteria</b>       | <i>Section 31-7-13(b), Miss. Code Ann (1972)</i> states, "Purchases which involve an expenditure of more than five thousand dollars (\$5,000.00) but not more than Seventy-five Thousand Dollars (\$75,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained."  |
| <b>Condition</b>      | During the course of our test work, we noted three (3) instances in which purchases that exceeded the threshold were made without receiving at least two (2) competitive bids.  |
| <b>Cause</b>          | The Town failed to secure the required competitive, written bids prior to engaging and approving an expenditure.  |
| <b>Effect</b>         | The Town may be overpaying for goods or services by failing to obtain competitive bids. Additionally, failure to obtain two (2) or more competitive quotes could result in the loss or misappropriation of public funds.  |
| <b>Recommendation</b> | The Town should follow the prescribed regulations set forth by Section 731-7-13(b), Miss Code Ann. (1972), and obtain two (2) or more competitive quotes for purchases greater than \$5,000 but not greater than \$75,000.  |
| <b>Response</b>       | <p>For one of the items, we had a misunderstanding of the process. Our longtime Director of Public Works passed away unexpectedly during the first year of the term of office. He had handled mulching and landscaping issues for our downtown. The newly hired Director asked the "new" Mayor about what he should do for landscaping/mulch. They decided to do the "same thing as last year." The new director was not aware of the bidding/competitive quote issue and issued the purchase order. When the bill for the work was received, the error was realized. The issue was corrected for the current year.</p> <p>The other two items involved emergency purchases for the water and sewer department. One was repairing a water line which burst. It was a main line (10") and caused a significant amount of the Town to lose water. The other was a sewer pumping station failure which was causing a sewer overflow and sewer back. These have since</p> |

been formally declared emergency purchases by the Board of Aldermen. The Mayor has counseled all employees on purchase laws and procedures to insure full compliance in the future.

**3.** Public Officials Should Strengthen Controls over Timeliness of Deposits

**Repeat Finding** No

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.

**Condition** During the course of our test work, we noted nine (9) deposits within the month tested were made one to three business days after the date of collection.

**Cause** Public officials did not implement adequate internal control surrounding the depositing of revenue collected.

**Effect** Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition or the loss or misappropriation of public funds.

**Recommendation** Management should implement controls to ensure that deposits are being made in a timely manner.

**Response** The matter of deposits has been reviewed by all employees who are responsible for making deposits. We have implemented a plan to ensure that daily deposits are made.

**4.** Public Officials should ensure compliance with state law over surety bonding requirements.

**Repeat Finding** No

**Criteria** *Section 21-15-23, Mississippi Code Annotated (1972), states, "Every deputy city clerk, before entering upon the duties of his office, shall take and subscribe the same oath required of the city clerk. The appointment of said deputy city clerk, with the certificate of the oath, shall be filed and preserved in the office of the clerk of the governing authorities of such city. Such deputy city clerk shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the governing authority (which shall be not less than Fifty Thousand Dollars (\$50,000.00))."*

*Section 21-15-38, Mississippi Code Annotated (1972), states, "Before any person appointed to the position of municipal clerk, city manager, municipal administrator or municipal chief administrative officer enters upon the discharge of his duties, he shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the municipal governing authority (which shall not be less than Fifty Thousand Dollars (\$50,000.00))."*

**Condition** During the course of our testing we noted the following instance of non-compliance:

- One (1) individual had an indefinite bond

**Cause** Public Officials have insufficient control over the requirements for bonding officials and employees.

**Effect** Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred.

**Recommendation** We recommend the Town implement procedures to ensure that all officials' and employees' bonds meet the requirements of State law.

**Response**

We understand we had one individual whose bond did not have the term listed on it. This has been corrected and the Clerk confirms all bonds have proper expiration dates.

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

September 13, 2023



## **TOWN OF TUNICA, MISSISSIPPI**

### **SCHEDULE OF FINDINGS AND RESPONSES**

**TOWN OF TUNICA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended September 30, 2022**

**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 |
| Utility Fund                         | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

2. Internal control over financial reporting:

|                                       |               |
|---------------------------------------|---------------|
| a. Material weakness identified?      | No            |
| b. Significant deficiency 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*.