Tuesday
January 2, 2013
Gautier, Mississippi

BE IT REMEMBERED THAT A REGULAR MEETING of the Mayor and Council of City of Gautier, Mississippi was held January 2, 2013 at 6:30 PM in the City Hall Municipal Building, 3330 Highway 90, Gautier, Mississippi.

Those present were Mayor Fortenberry, Council Members Johnny Jones, Hurley Ray Guillotte, Gordon Gollott, Mary Martin, Scott Macfarland, Adam Colledge, City Manager Samantha Abell, Deputy City Clerk Tricia Thigpen, City Attorney Robert Ramsay and other concerned citizens. Absent was Interim City Clerk Cynthia Russell.

AGENDA
CITY OF GAUTIER, MISSISSIPPI
CITY HALL COUNCIL CHAMBERS
January 2, 2013 @6:30 PM

I. Call to Order

1 **Prayer**

2 **Pledge of Allegiance**

II. Agenda Order Approval

III. Announcements

1 **Office closed on Monday, January 21, 2013 in observance of the birthdays of Robert E. Lee and Dr. Martin Luther King, Jr.**

IV. Presentation Agenda

1 **Human Trafficking Awareness proclamation presented by Mayor Fortenberry**

2 **Indian Point Bayou Kayaking Boat Launch update by Larry Dailey**

V. Public Agenda

1 **Agenda Comments**

VI. Business Agenda

1 **Consider Order accepting FY 2011 Audited Financial Statements**

2 **Consider Resolution approving in-kind services for 22nd Annual Gautier Mardi Gras night parade**

3 **Consider Order approving Docket of Claims**

VII. **Consent Agenda (All items approved in one motion)**

1 **Consider Order approving public hearing date for abatement at 7728 Narcissus Drive**

2 **Consider Order approving public hearing date for abatement at 1930 Greycliffe Drive**

3 **Consider Resolution authorizing the continuance of the Local Emergency for the Deep Water Horizon Oil Spill until further notice**

4 **Consider Order approving Gulf Coast Communications and Security Systems Notice of Claims**

5 **Consider Order approving Council Meeting Minutes held December 18, 2012**

STUDY AGENDA
CITY OF GAUTIER, MISSISSIPPI
January 2, 2013

1 **Discuss Citizen Comments**

2 **Discuss Council Comments**

3 **Discuss City Manager Comments**

4 **Discuss Interim City Clerk Comments**

5 **Discuss City Attorney Comments**

Recess until January 15, 2013 @ 6:30 PM
www.gautier-ms.gov

Motion was made by Councilman Macfarland, seconded by Councilman Colledge and unanimously carried to approve the agenda order.

There came for consideration of the Mayor and Members of the Council of the City of Gautier, Mississippi, the following:

ORDER NUMBER 001-2013

IT IS HEREBY ORDERED by the Mayor and Members of the Council of the City of Gautier, Mississippi, that the FY 2011 Audited Financial Statements, prepared by Lloyd B. Marshall, Jr., Certified Public Accountant is hereby accepted.

IT IS FURTHER ORDERED that the City Manager or Interim City Clerk is authorized to execute any and all documents necessary.

Motion was made by Mayor Fortenberry, seconded by Councilman Macfarland and the following vote was recorded:

AYES: **Tommy Fortenberry**
Johnny Jones
Hurley Ray Guillotte
Gordon Gollott
Mary Martin
Scott Macfarland
Adam Colledge

NAYS: **None**

____
MAYOR

ATTEST:

____
DEPUTY CITY CLERK

PASSED AND ADOPTED by Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of January 2, 2013.

CITY OF GAUTIER, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2011

CITY OF GAUTIER, MISSISSIPPI
MUNICIPAL OFFICIALS
For the Year Ended September 30, 2011

OFFICIALS

Mayor	Tommy Fortenberry

CITY COUNCIL

Councilwoman	Mary Martin
Councilman	Johnny Jones
Councilman	Hurley Ray Guillotte
Councilman	Gordon Gollott
Councilman	Scott Macfarland
Councilman	Adam Colledge

DEPARTMENT HEADS

City Attorney	Robert Ramsay
City Manager	Sidney Runnels
City Clerk	Wendy McClain
Police Chief	Edward E. Williams

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MEMBER: American Institute of CPA's
Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
4321 Gautier Vancleave Rd. Suite A
Gautier, Mississippi 39553

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Gautier, Mississippi

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gautier, Mississippi's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Because of the inadequacy of accounting records for the fiscal year ended September 30, 2011, that relate to the fixed assets, accumulated depreciation and depreciation expense, I was unable to form an opinion regarding those amounts and net assets invested in capital assets, net of related debt, for the Government-Wide Financial Statements, which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011, and the Proprietary Funds Financial Statements which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as also outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011. As a result, I was unable to form an opinion on the respective net assets to which these balances are related.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had proper records concerning property and equipment and related accumulated depreciation been adequate, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of September 30, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2012, on my consideration of the City of Gautier, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 14 and pages 54 through 57, respectively, 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 content. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the Unites States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gautier, Mississippi's financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements of to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Floyd B. Vanlee

Gautier, Mississippi
December 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Gautier, Mississippi's (the City's) financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the City's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

The City implemented Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999, for the first time during fiscal year 2004. As discussed in Footnote 1, Statement No. 34 allows for certain transition treatments in regards to infrastructure. As of fiscal year-end September 30, 2011, the City has not completed implementation for previously constructed infrastructure assets.

FINANCIAL HIGHLIGHTS

- In 2011 and 2010, the City's net assets amounted to *$24,736,777* and *$22,754,253*, respectively. The net assets for governmental activities totaled *$6,640,185* in 2011 and *$6,189,325* in 2010, contributing *26.84%* and *27.19%*, respectively, of total net assets; business-type activities contributed 73.16% and *72.79%*, totaling *$18,096,592* in 2011 and *$16,564,928* in 2010.

- General revenues for 2011 and 2010 were *$7,652,750* and *$7,177,748*, equaling *42.43%* and *36.73%* of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were *$10,383,204* and *$12,364,189*, equaling *57.57%* and *63.27%* of total revenues.

- In 2011 and 2010, the City had *$16,053,433* and *$15,931,768* in expenses, respectively; only *$10,383,204* and *$12,364,189* of these expenses were offset by program specific charges for services, grants and contributions.

- Capital assets, net of accumulated depreciation, totaled *$42,829,424* in 2011 and *$40,197,623* in 2010.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 years.

The government-wide financial statements outline both functions of the City and business-type activities.

The governmental activities of the City include police and fire protection, parks, recreation, public works, urban and economic development, and general administrative services. The business-type activities include the water and sewer system and its related projects.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund financial statements - Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements are comprised of the following funds: governmental and proprietary (enterprise) funds.

Notes to the financial statements - The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 31-51 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds. A Budgetary Comparison Statement has been provided for the General Fund. This required supplementary information can be found on pages 53-57 of this report.

Reporting the City's Most Significant Funds

Fund financial statements begin on page 21 and provide detailed information about the most significant funds. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two major types of funds are discussed below:

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation's found on pages 22 and 24.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities. Proprietary funds include the Water and Sewer and Sewer Expansion funds. Other nonmajor proprietary funds include the Solid Waste and Sewer Rehab funds which are combined into a single column on the proprietary fund financial statements. These funds are the same as the business-type activities reported in the government- wide financial statements but provide more detail and additional information, such as cash flows. The accrual basis of accounting is used for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Net assets may serve over time as a useful indicator of a government's financial position. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2011 and 2010.

Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 6,293,513	9,116,244	3,486,166	3,006,158	9,779,679	12,122,402
Capital assets	10,775,540	7,994,946	32,053,884	32,202,677	42,829,424	40,197,623
Total assets	17,069,053	17,111,190	35,540,050	35,208,835	52,609,103	52,320,025
Long-term debt outstanding	9,252,245	9,407,181	15,359,010	16,715,325	24,611,255	26,122,506
Other liabilities	1,176,623	1,514,684	2,084,448	1,928,582	3,261,071	3,443,266
Total liabilities	$10,428,868	10,921,865	17,443,458	18,643,907	27,872,326	29,565,772
Net assets:						
Invested in capital assets, net of debt	$ 4,010,540	4,591,141	14,166,537	10,129,447	18,177,077	14,720,588
Restricted	129,530	167,790	1,278,254	1,116,815	1,407,784	1,284,605
Unrestricted	2,500,115	1,430,394	2,651,801	5,318,666	5,151,916	6,749,060
Total net assets	$ 6,640,185	6,189,325	18,096,592	16,564,928	24,736,777	22,754,253

The City's restricted net assets accounted for 5.65% of total net assets in 2011, and 5.64% in 2010. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 64.42% of total net assets in 2011 and 63.07% in 2010, respectively. The remaining balance consisted of unrestricted net assets, is the part of net assets used to finance everyday operations without constraints of legal requirements.

The following are significant transactions that have had an impact on the Statement of Net Assets.

• In 2004, the City implemented the new standards of GASB 34 which requires it to report and depreciate new and old infrastructure assets [e.g. roads, bridges, underground pipes (other than utilities), traffic signals, etc.]. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal years ended in 2006. As of September 30, 2011, the City had not implemented retroactive reporting of infrastructure.

Changes in net assets - The City's total revenues for the fiscal years ended September 30, 2011 and 2010 were $18,035,954 and $19,541,937, respectively. The total cost of all programs and services was $16,053,433 and $15,931,768. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2011 and 2010.

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for services	$ 1,137,597	997,976	7,617,579	7,419,652	8,755,176	8,417,628
Operating Grants and Contributions	1,130,759	1,479,495	-	-	1,130,759	1,479,495
Capital Grants And contributions	-	-	497,269	2,467,066	497,269	2,467,066
General Revenues						
Property Taxes	3,478,622	3,202,977	-	-	3,478,622	3,202,977
Franchise Taxes	175,076	189,807	-	-	175,076	189,807
Intergovernmental Revenues	3,093,971	3,169,224	-	-	3,093,971	3,169,224
Other general revenues	492,196	178,824	412,885	436,916	905,081	615,740
Total revenues	$ 9,508,221	9,218,303	8,527,733	10,323,634	18,035,954	19,541,937

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total 2011	Total 2010
Program Expenses						
General Government	$ 2,416,644	2,096,617	-	-	2,416,644	2,096,617
Public Safety	5,889,030	5,438,529	-	-	5,889,030	5,438,529
Public Works	1,261,218	965,768	-	-	1,261,218	965,768
Culture & Recreation	276,678	349,331	-	-	276,678	349,331
Capital Outlay	-	-	-	-	-	-
Debt Service-interest	367,684	268,382	-	-	367,684	268,382
Water and Sewer Fund	-	-	4,497,343	5,580,619	4,497,343	5,580,619
Solid waste	-	-	1,344,836	1,232,522	1,344,836	1,232,522
Total expenses	$10,211,254	9,118,627	5,842,179	6,813,141	16,053,433	15,931,768
Increase in net assets	$ (703,033)	99,676	2,685,554	3,510,493	1,982,521	3,610,169

Governmental activities

The following table presents the cost of major City functional activities: general government, public safety, public works, culture and recreation, urban and economic development, capital outlay, and debt service-interest. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

Governmental Activities

	2011 Total Cost of Services	2011 Net Cost of Services	2010 Total Cost of Services	2010 Net Cost of Services
Program Expenses				
General Government	$ 2,416,644	(1,370,623)	2,096,617	(656,257)
Public Safety	5,889,030	(4,666,695)	5,438,529	(4,401,418)
Public Works	1,261,218	(1,261,218)	965,768	(965,768)
Culture & Recreation	276,678	(276,678)	349,331	(349,331)
Capital Outlay	-	-	-	-
Debt Service-interest	367,684	(367,684)	268,382	(268,382)
Total expenses	$10,211,254	(7,942,898)	9,118,627	(6,641,156)

Business-type activities

The City's business-type activities generated a change in net assets of $1,982,521 during the fiscal year ending September 30, 2011. This represents a decrease of approximately $1,527,972 from the change during the previous year. The factors contributing to this decrease included:

• The Water and Sewer Fund had an increase in service charges of approximately $197,927.

• The Water and Sewer Fund had a decrease in grant revenues of approximately $ 1,969,797.

• The City had an increase in other revenues of approximately $ 289,341.

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

As the City completed the year, its governmental funds reported a combined fund balance of $1,737,421, compared to $2,668,076 in the prior year. Activities within the general fund contributed to approximately 63.73% in 2011 and 71.36% of the fund balances, respectively. Other items that influenced the fund balances are as follows:

• The City received approximately $2.2 million in sales tax revenues, which represents a decrease of approximately 7 % from the previous year.

General Fund Budgetary Highlights

Over the course of the year, adjustments made in the budget were minor. The changes were due to the following: 1) amendments were made shortly after the beginning of the year, 2) the Council made changes in the middle of the year to prevent shortages from the addition or extension of service contracts, or 3) the Council approved several increases in appropriations to prevent budget overruns and to recognize receipt of funds not expected.

With these adjustments, the actual expenditures were $9,966,478 compared to $10,541,826 in the budget. A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided on pages 53-57 of this report as required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's total capital assets for 2011 and 2010 were $42,829,424 and $40,197,623, respectively. The City mainly invested in infrastructure improvements for the area. The following table presents a summary of the City's capital net assets for the fiscal years ended September 30, 2011 and 2010.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 743,862	743,862	1,188,570	1,188,570	1,932,432	1,932,432
Construction in progress	572,774	-	-	1,824,227	572,774	1,824,227
Buildings and improvements	2,366,097	1,758,338	1,848,490	1,857,187	4,214,587	3,615,525
Machinery and Equipment	4,115,908	4,018,775	275,407	470,829	4,391,315	4,489,604
Utility System	-	-	28,741,417	26,861,864	28,741,417	26,861,864
Infrastructure	2,976,899	1,473,971			2,976,899	1,473,971
Total	$10,775,540	7,994,946	32,053,884	32,202,677	42,829,424	40,197,623

This year's completed major projects included:

	Completed Through September 30, 2011	Remaining Commitment
Business-type activities:		
Allen Road Water and Sewer Expansion	$ 451,377	-
Lift Station Upgrade	2,503,100	-
Water Improvements - Old Spanish Trail	2,527,999	-
Highway 90/57 Sewer System Expansion	6,631,715	-
Streetscape Project	552,774	5,090,828

Debt Administration At September 30, 2011, the City had $27,085,336 in general obligation bonds and other long-term debt outstanding, of which $ 2,324,771 is due within one year.

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds (backed by the City	$ 6,765,000	7,000,000	9,905,000	10,865,000	16,670,000	17,865,000
Revenue Bonds and Notes (backed by specific tax and fee revenues)	3,131,458	3,047,902	6,793,777	7,197,656	9,925,235	10,245,558
Compensated absences	306,696	283,927	34,095	29,125	340,791	313,052
Total	$10,203,154	10,331,829	16,732,872	18,091,781	27,085,336	28,423,610

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On August 29, 2005, the City was severely impacted by Hurricane Katrina. The City is in the continuing process of rebuilding, which will be the case for some years. The City has used federal grants, insurance reimbursements and loans to help with these rebuilding costs.

The City's elected and appointed officials considered many factors when setting the fiscal-year 2011 budget, tax rates, and fees to be charged for business-type activities. The local economy continues its slow recovery from the loss of several major industries and revenues lost due to Hurricane Katrina, but the prospects for new industries are improving. This is evidenced by the Council utilizing the City's financial leverage in issuing seven million dollars of General Obligation Bonds for a New Police Station and other improvements to provide for a platform for continuing economic development.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If - you have any questions about this report or need additional financial information, contact the Finance Director's Office at 3330 Hwy 90, Gautier, Mississippi or tmontgomery@gautier-ms.gov.

BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Government-wide financial statements

- Fund financial statements:

  - Governmental funds

  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF GAUTIER, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
September 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,537,339	1,513,405	3,050,744
Restricted cash and cash equivalents	4,175,810	1,278,254	5,454,064
Receivables, net	580,364	585,887	1,166,251
Internal Balances	-	-	-
Other assets	-	108,620	108,620
Capital assets:			
Land & Construction in Progress	1,316,635	1,188,570	2,505,205
Other capital assets, net of Depreciation	9,458,905	30,865,314	40,324,219
Total capital assets	10,775,540	32,053,884	42,829,424
Total assets	17,069,053	35,540,050	52,609,103
LIABILITIES			
Accounts payable	95,404	380	95,784
Accrued Expenses & Interest Payable	130,310	167,386	297,696
Compensated absences, current	74,986	9,894	84,880
Customer deposits	-	542,820	542,820
Long-term liabilities:			
Due within one year	875,923	1,363,968	2,239,891
Due in more than one year	9,252,245	15,359,010	24,611,255
Total liabilities	10,428,868	17,443,458	27,872,326
NET ASSETS			
Investment in capital assets (net of related debt)	4,010,540	14,166,537	18,177,077
Restricted net assets:			
Debt service	129,530	794,445	923,975
Bond contingency fund	-	483,809	483,809
Unrestricted net assets	2,500,115	2,651,801	5,151,916
Total net assets	$ 6,640,185	18,096,592	24,736,777

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

	Program Revenue				Net (expense) revenue and changes in net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General Government	$ 2,416,644	93,917	952,104	-	(1,370,623)	-	(1,370,623)
Public Safety	5,889,030	1,043,680	178,655	-	(4,666,695)	-	(4,666,695)
Public Works	1,261,218	-	-	-	(1,261,218)	-	(1,261,218)
Culture and Recreation	276,678	-	-	-	(276,678)	-	(276,678)
Debt service – interest	367,684	-			(367,684)		(367,684)
Total Government Activities	$10,211,254	1,137,597	1,130,759	-	(7,942,898)	-	(7,942,898)
Business-type activities:							
Water & Sewer Fund	4,497,343	6,332,087	-	497,269	-	2,332,013	2,332,013
Solid Waste	1,344,836	1,285,492	-	-	-	(59,344)	(59,344)
Total Business-type Activities	5,842,179	7,617,579		497,269		2,272,669	2,272,669
Total Primary	$16,053,433	8,755,176	1,130,759	497,269	(7,942,898)	2,272,669	(5,670,229)
			General Revenues:				
			Property Taxes		3,478,622	-	3,478,622
			Franchise Taxes		175,076	-	175,076
			Intergovernmental		3,093,971	-	3,093,971
			Interest Income		11,864	3,674	15,538
			Miscellaneous		480,332	409,211	889,543
			Total General Revenues		7,239,865	412,885	7,652,750
			Changes in Net Assets		(703,033)	2,685,554	1,982,521
			Net assets, beginning		6,189,325	16,564,928	22,754,253
			Settlement of Interfund Balances		496,767	(496,764)	3
			Interfund Transfers		657,126	(657,126)	-
			Net Assets, ending		$ 6,640,185	18,096,592	24,736,777

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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

CITY OF GAUTIER, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	MS Development Katrina Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 736,041	-	801,298	1,537,339
Receivables, net	371,252	-		371,252
Total current assets	1,107,293	-	801,298	1,908,591
Noncurrent assets:				
Restricted cash	-	129,530	-	129,530
Total assets	$ 1,107,293	129,530	801,298	2,038,121
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 7,614	-	87,790	95,404
Other accrued liabilities	130,310	-		130,310
Compensated absences, Current	74,986	-		74,986
Total liabilities	212,910	-	87,790	300,700
Fund balances:				
Reserved for:				
Debt service	-	129,530	-	129,530
Unreserved:				
General fund	894,383	-	713,508	1,607,891
Special revenue funds	-	-	-	-
Total fund balances	894,383	129,530	713,508	1,737,421
Total liabilities and fund balances	$ 1,107,293	129,530	801,298	2,038,121

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2011

Total governmental funds balance		**$ 1,737,421**
Amounts reported for governmental activities in the statement of net assets 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.		
Governmental capital assets	$ 14,228,218	
Less: accumulated depreciation	(3,452,678)	10,775,540
Court Fines Receivable		209,112
Balance in Bond Issue account		4,046,280
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes		(9,896,459)
Compensated absences		(231,709)
Net assets of governmental activities		**$ 6,640,185**

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	General Fund	MS Development Katrina Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 3,359,942	-	118,680	3,478,622
Franchise fees	175,076	-	-	175,076
Fees and fines	840,568	-	-	840,568
Licenses and permits	93,917	-	-	93,917
Intergovernmental	2,998,686	-	95,285	3,093,971
Interest income	3,537	-		3,537
Grants	758,478	-	366,281	1,124,759
Miscellaneous	724,828	-	103,312	828,140
Total revenues	8,955,032	-	683,558	9,638,590
EXPENDITURES				
Current:				
General government	2,264, 024	1,000		2,265,024
Public safety	5,606,078	-	20,222	5,626,300
Public works	1,191,306	-	19,628	1,210,934
Culture and recreation	157,999	-	118,679	276,678
Debt service:				
Interest and fiscal charges	541,471	325,465	-	866,936
Capital outlay	572,773	-	407,725	980,498
Total expenditures	10,333,651	326,465	566,254	11,226,370
Excess of revenues over (under) expenditures	(1,378,619)	(326,465)	117,304	(1,587,780)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	368,921	288,205		657,126
Total other financing sources (uses)	368,921	288,205	-	657,126
Net changes in fund balances	(1,009,698)	(38,260)	117,304	(930,654)
Fund balance - beginning of year	1,904,082	167,790	596,204	2,668,076
Rounding adjustments	(1)			(1)
Fund balance - end of year	$ 894,383	129,530	713,508	1,737,421

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, 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, 2011

Net change in fund balances - total governmental funds		**$ (930,654)**
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. Also, transfers out are not recorded.		
Capital outlay	$ 980,498	
Depreciation	(312,759)	
Excess of depreciation expense over capital outlay		667,739
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.		
Transfers		(657,126)
Net Adjustments for compensated absences		(23,179)
Principal paid on debt		499,252
Court Fines Receivable		209,112
Interim Interest Earned on Bond Issue Proceeds		8,327
Lease Purchase Proceeds		(347,808)
		(311,422)
Other Differences		
Bond issue costs recorded in Bond Fund		(128,696)
Changes in net assets of governmental activities		**$ (703,033)**

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2011

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,390,661	122,744	1,513,405
Accounts receivable, net	585,887	-	585,887
Other Assets	4,408	104,212	108,620
Total current assets	1,980,956	226,956	2,207,912
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	1,278,254	-	1,278,254
Capital assets:			
Land	1,188,570	-	1,188,570
Other capital assets, net of accumulated depreciation	30,837,060	28,254	30,865,314
Total noncurrent assets	33,303,884	28,254	33,332,138
Total assets	35,284,840	255,210	35,540,050
LIABILITIES			
Current liabilities:			
Accounts payable	380		380
Other accrued liabilities	167,386		167,386
Compensated absences payable	9,894		9,894
Bonds and notes payable	1,363,968	-	1,363,968
Payable from restricted assets:			
Customer deposits	542,820	-	542,820
Total current liabilities	2,084,448	-	2,084,448
Noncurrent liabilities:			
Compensated absences	24,201	-	24,201
Bonds and notes payable	15,334,809	-	15,334,809
Total noncurrent liabilities	15,359,010	-	15,359,010
Total liabilities	17,443,458	-	17,443,458
NET ASSETS			
Invested in capital assets, net of related debt	14,138,283	28,254	14,166,537
Restricted:			
Debt service	794,445	-	794,445
Bond contingency fund	483,809	-	483,809
Unrestricted	2,424,845	226,956	2,651,801
Total net assets	$ 17,841,382	255,210	18,096,592

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	$ 6,332,087	1,285,492	7,617,579
Grants	497,269	-	497,269
Other	409,211	-	409,211
Total operating revenues	7,238,567	1,285,492	8,524,059
OPERATING EXPENSES			
Personnel services	1,062,103	39,414	1,101,517
Wastewater treatment	1,216,512	-	1,216,512
Waste collections and disposals	-	1,252,783	1,252,783
Utilities	192,674	-	192,674
Supplies	253,352	-	253,352
Maintenance and repairs	46,183	-	46,183
Depreciation	556,921	8,697	565,618
Other services and charges	457,358	43,942	501,300
Total operating expenses	3,785,103	1,344,836	5,129,939
Operating income (loss)	3,453,464	(59,344)	3,394,120
NONOPERATING REVENUES (EXPENSES)			
Interest income	3,674	-	3,674
Interest expense	(712,240)	-	(712,240)
Total nonoperating revenues (expenses)	(708,566)	-	(708,566)
Changes in net assets	2,744,898	(59,344)	2,685,554
Transfer In (Out)	(657,126)		(657,126)
Total net assets - beginning of year	15,753,608	314,555	16,068,163
Rounding adjustments	2	(1)	1
Total net assets - end of year	$17,841,382	255,210	18,096,592

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
RECONCILIATION OF THE PROPRIETARY FUNDS NET ASSSETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
September 30, 2011

Total Proprietary Fund net assets	**$18,096,592**
Differences in Interfund Balances	0
Net assets of proprietary activities on government-wide statement of net assets	**$18,096,592**

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers	$ 6,148,128	1,285,492	7,433,620
Cash received from grants	497,269	-	497,269
Payments for goods and services	(3,584,900)	(1,400,937)	(4,985,837)
Payments to employees	(1,037,566)	(39,414)	(1,076,980)
Other receipts	409,211	-	409,211
Net cash provided (used) in operating Activities	2,432,142	(154,859)	2,277,283
Cash flows from noncapital financing activities:			
Transfers effecting cash balances	(657,126)	-	(657,126)
Net cash provided (used) by noncapital financing activities	(657,126)	-	(657,126)
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(416,825)	-	(416,825)
Principal paid on capital debt	(1,363,880)	-	(1,363,880)
Settlement of Interfund Balance	(496,764)	-	(496,764)
Interest paid on capital debt	(712,240)	-	(712,240)
Other	(13,132)	-	(13,132)
Net cash used in capital and related financing Activities	(3,002,841)	-	(3,002,841)
Cash flows from investing activities:			
Restricted customer deposits	39,353	-	39,353
Interest received	3,674	-	3,674
Net cash provided by investing activities	43,027	-	43,027
Net decrease in cash and cash equivalents	(1,184,798)	(154,859)	(1,339,657)
Cash and cash equivalents:			
Beginning of the year	2,575,459	277,603	2,853,062
End of the year	$1,390,661	122,744	1,513,405

The notes to the financial statements are an integral part of this statement.

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Water and Sewer Fund	Solid Waste Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ 3,453,464	(59,344)	3,394,120
Adjustments to reconcile operating (income) loss to net cash			
Depreciation expense	556,921	8,697	565,618
Increase (decrease) in current assets:			
Accounts receivable & prepaids	(4,105)	(104,212)	(108,317)
(Increase) decrease in current liabilities:			
Accounts payable	23,322		23,322
Transfer to other funds	(657,126)	-	(657,126)
Other liabilities	(228,094)	-	(228,094)
Interest Paid	(712,240)	-	(712,240)
Net cash provided by (used in) operating Activities	$ 2,432,142	(154,859)	2,277,283

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gautier, Mississippi was incorporated on June 17, 1986. The City operates under a Council-Manager form of government described under Title 21, Chapter 9, of the Mississippi Code of 1972. The City provides the following services, as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and water, sewer and gas system.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City with the option of electing to apply FASB pronouncements issued after that date. The City has chosen not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The City implemented the general provisions of GASB Statement Nos. 33 and 34 during fiscal year ended September 30, 2004.

A. Financial Reporting Entity

These financial statements present the City (the primary government) only. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

-the organization is legally separate (can sue and be sued in their own name)
-the City holds the corporate powers of the organization
-the City appoints a voting majority of the organization's board
-the City is able to impose its will on the organization
-the organization has the potential to impose a financial benefit/burden on the City
-there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Gautier has no component units.

B. Basic Financial Statements - Government-wide statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, recreation, public works, and general administrative services are classified as governmental activities. The City's water and sewer system and solid waste management services are classified as business-type activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the Government-Wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, public works, culture and recreation, etc.). The functions are also supported by general governmental revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Government-Wide Statement of Activities reduces gross expenses (including depreciation) by related program revenues and by operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital- specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Water and Sewer Fund to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by genetic classification within the financial statements.

Governmental Funds:

The focus of governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds include: Fire Protection Fund, Recreation Fund, Tideland Grant Fund, etc.

3. Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

4. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City had capital projects funds during the year ended September 30, 2011.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

1. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. These funds include: Water and Sewer System Fund, Solid Waste Fund and related projects.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

Cash and Cash Equivalents:

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Capital Assets:

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings 20-50 years Water and sewer system 30-35 years Machinery and equipment 7-10 years Improvements 30-35 years Other infrastructures 10-60 years Vehicles 5 years GASB Statement No. 34 required the City to report and depreciate new infrastructure assets beginning in 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal years ended in 2006. As of the year ending September 30, 2011, the City has not implemented retroactive infrastructure reporting. The City implemented the general provisions of GASB No. 34 during 2004.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures:

Expenditures are recognized when the related fund liability is incurred.

Compensated Absences:

The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to two years generally. Upon termination, pursuant to State Law, the City may pay up to 30 days of accumulated vacation ; the balance is credited to the employee's public retirement (PERS) account.

Sick leave is not paid upon termination. The City accrues accumulated unpaid vacation leave at the end of the fiscal year. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Interfund Activity:

Interfund activity consists of loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Accounting Requirements

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

Fund:	Required By:
CDBG Fund	Grant Agreement
Water & Sewer Fund	Trust Indenture
Solid Waste Fund	State Law

B. Deposits and Investments - Laws and Regulations

State law requires that all deposits in excess of Federal Depository Insurance Corporation (FDIC) insurance limits be 105% collateralized by U.S. Government obligations or by state municipal obligations that have a fair value of not less than the principal amount of the deposits. The collateral for public entities' deposits in financial institutions are 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 FDIC. The City's deposits were fully insured or collateralized as required by statute at September 30, 2011. At year-end, the respective bank balances totaled $8,804,808. There were no certificates of deposit outstanding at September 30, 2011.

C, Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source:	Legal Restrictions in Use:
Sales Tax	Sewer Rehabilitation Notes
Gasoline Excise & Commercial Vehicle Tax	Street and Road Purposes
Water and Sewer Revenue	Debt Service and Utility Operations
Grant Program Expenditures	Grant Agreements
Ad Valorem Tax	Debt Service

For the year ended September 30, 2010 the City complied, in all material respects, with these revenue restrictions.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

D. Debt Restrictions and Covenants

General obligation debt represents direct obligations issued on a pledge of the general taxing power of the City for the payment of its debt obligations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

The City deposits funds in financial institutions selected by the City's Councilmen in accordance with Mississippi statutes. Allocation of the resulting balance is accomplished with inter-bank transfers. Approved city depositories for the calendar years 2010-2011 were as follows:

	Allocation Percentage
Hancock Bank	50%
Merchant and Marine Bank	25%
Peoples Bank	25%
	100%

By using this multiple financial institution collateral pool, all of the City's deposits at September 30, 2011, fall into the credit risk category of "Insured or collateralized with securities held by the entity or its agent in the entity's name."

Deposits at September 30, 2011, (including restricted deposits) were as follows:

	Bank Balances
Pooled deposits:	
Cash and cash equivalents	$ 3,050,744
Non-pooled deposits:	
Cash and cash equivalents:	
Capital Improvement Bond Fund	4,046,280
Debt Service Fund	794,445
Contingency Fund	483,809
MS Development Loan	129,530
	$ 8,504,808

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

B. Restricted Cash

The amounts reported as restricted assets are cash and accrued interest held by the trustee bank on behalf of the various public trusts (authorities) related to their required note payable accounts and amounts held in trust for customer utility meter deposits.

The restricted assets as of September 30, 2011, were as follows:

Types of Restricted Assets	Cash Including Time Deposits
Capital Improvement Bond Fund	$ 4,046,280
Bond Contingency Fund	483,809
Series 2001 Utility System Refunding Bond	794,445
2008 MS Development Loan	129,530
	$ 5,454,064

C. Accounts Receivable

Accounts receivable at September 30, 2011, consisted of the following:

	Accounts Receivable	Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental activities:			
General Fund:			
Ad valorem taxes	$ 83,414	-	83,414
Municipal court	5,227,800	5,018,688	209,112
Sales tax	287,838	-	287,838
		-	
Total General Fund	5,599,052	5,018,688	580,364
Business-type activities:			
Enterprise Fund:			
Water and sewer collections	2,106,976	1,521,089	585,887
Total business-type activities	2,106,976	1,521,089	585,887
Total government-wide activities	$ 7,706,028	6,539,777	1,166,251

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

D. Capital Assets

Capital assets have not been audited.
Capital assset activity for the year ended September 30, 2011, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	743,862			743,862
Construction in Progress		572,774		572,774
Total capital assets not being depreciated	743,862	572,774	0	1,316,636
Capital assets being depreciated:				
Buildings & Improvements	2,176,725	607,759		2,784,484
Machinery & Equipment	6,714,502	407,725		7,122,227
Infrastructure	1,499,776	1,505,095		3,004,871
Total capital assets being depreciated	10,391,003	2,520,579	0	12,911,582
Less accumulated depreciation for:				
Buildings & improvements	(418,387)			(418,387)
Machinery & Equipment	(2,695,727)	(310,592)		(3,006,319)
Infrastructure	(25,805)	(2,167)		(27,972)
Total accumulated depreciation	(3,139,919)	(312,759)	0	(3,452,678)
Total Capital assets being depreciated, net	7,251,084	2,207,820	0	9,458,904
Total governmental activities capital assets, net	7,994,946	2,780,594	0	10,775,540
Business-type Activities:				
Capital Assets not being Depreciated:				
Land & Easements	1,188,570			1,188,570
Construction in Progress	1,824,227	416,825	(2,241,052)	0
Total capital assets not being depreciated	3,012,797	416,825	(2,241,052)	1,188,570
Capital assets being depreciated:				
Buildings & improvements	2,223,960			2,223,960
Machinery & Equipment	1,627,426			1,627,426
Infrastructure	39,882,585	2,241,052		42,123,637
Total capital assets being depreciated	43,733,971	2,241,052	0	45,975,023
Less accumulated depreciation for:				
Buildings & improvements	(366,773)	(8,697)		(375,470)
Machinery & Equipment	(1,156,597)	(195,422)		(1,352,019)
Utility System	(13,020,721)	(361,499)		(13,382,220)
Total accumulated depreciation	(14,544,091)	(565,618)	0	(15,109,709)
Total Capital assets being depreciated, net	29,189,880	1,675,434	0	30,865,314
Total business-type activities capital assets, net	32,202,677	2,092,259	(2,241,052)	32,053,884
Primary Government				
Total capital assets, net	40,197,623	4,872,853	(2,241,052)	42,829,424

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

A summary of general fixed assets transactions for the year ended September 30, 2011, follows:

	Expended through September 30, 2011	Remaining Commitment
Business-type activities (in progress at 09-30-10):		
Allen Road Water and Sewer Expansion	$ 451,377	–
Lift Station Upgrade	2,503,100	--
Water Improvements - Old Spanish Trail	1,534,115	--
Highway 90/57 Sewer System Expansion	6,361,715	--
Total	$10,362,379	--
Transferred to infrastructure	(7,430,148)	
Transferred to land & easements	(801,974)	
Adjustment to construction estimate	(306,030)	
Total transferred and added to fixed assets	(10,362,379)	
Business-type Activities - other		
Infrastructure addition	416,825	
Government Activities		
Construction in Progress at 09-30-11	572,774	5,090,828
Machinery & equipment purchased	407,725	
Infrastructure added	1,505,095	
Building Improvement	607,759	
Total	2,520,579	

Depreciation expense was charged to functions/programs for the year ended September 30, 2011, as follows:

Governmental activities:	
General government	$ 312,759
Business-type activities:	
Water and Sewer Fund	$ 556,921
Solid Waste Fund	8,697
Total business-type activities depreciation expense	$ 565,618

E. Accounts Payable

Payables are composed of amounts due to vendors within 60 days of year end and accrued salaries and benefits.

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

F. Long-Term Debt

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Long-term liability activity for the year ended September 30, 2010, is shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 9,198,650	347,808	525,922	9,020,536	875,923
Compensated absences	208,531	23,178	0	231,709	74,986
Total governmental activities long-term liabilities	$ 9,407,181	370,986	525,922	9,252,245	950,909
Business-type activities:					
Water and sewer debt	$16,698,689	-	1,363,880	15,334,809	1,363,968
Compensated absences	16,636	7,565	-	24,201	9,894
Total business-type activities long-term liabilities	$16,715,325	7,565	1,363,880	15,359,010	1,373,862

Description of Debt

At September 30, 2010, notes payable consisted of the following individual issues:

	General Long-Term Debt
Governmental activities:	
General obligation bonds and notes:	
General Obligation Katrina Refunding Bond Series 2010; bearing interest at 3.45%, maturing March 2020	$ 2,160,000
General Obligation Bond Series 2010; Capital Improvements; Maturing August, 2030; bearing interest at 3.13%	6,765,000
Police Court package Loan; 2.60% interest; maturing, May, 2015; annual payments Of $ 73,040 until paid	273,650
Police Court Package Loan; 2.920% interest; maturing December, 2013; annual payments Of $ $ 123,243 until paid	347,808
Unsecured community disaster loan, bearing interest at 2.80%, maturing March 2011	350,000
Total general obligation bonds and notes	9,896,458
Compensated absences	306,696
Less current portion of long-term debt	(950,909)
Total governmental activities long-term debt	$ 9,252,545

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

Business-type activities:	
Revenue Refunding Bond:	
Series 2001 Refunding Bond, payable in semiannual installments, bearing interest at a variable rate, currently 4.25%, maturing March 2019, secured by utility system revenues	$ 9,905,000
Revenue Bonds:	
State Revolving Fund Loan, payable in monthly installments of $9,019, beginning October 2006, bearing interest at 3.56%, maturing January 2026, secured by utility system revenues	1,218,483
State Revolving Fund Loan, payable in monthly installments of $10,949, beginning September 2006, bearing interest at 1.75%, maturing January 2026, secured by utility system revenues	1,664,490
State Revolving Fund Loan, payable in monthly installments of $7,877, beginning April 2006, bearing interest at 1.75%, maturing April 2025, secured by utility system revenues	1,142,083
State Revolving Fund Loan, payable in monthly installments of $3,765, beginning November, 2009; bearing interest at 1.95%, secured by utility system revenues	680,226
State Revolving Fund Loan, payable in monthly installments of $ 2,149, beginning October, 2009; bearing interest at 1.95%, secured by utility system revenues	362,188
State Revolving Fund Loan, payable in monthly installments of $ 9,665, beginning December, 2009, bearing interest at 2.75%, secured by utility system revenues	1,633,525
Total general obligation bonds and notes	16,605,995
SCADA Loan, Hancock Bank, $48,551 per month, bearing interest at 3.15 %	92,782
Compensated absences	34,095
Less current portion of long-term debt	(1,373,862)
Total business-type activities long-term debt	$15,359,010

Revenue Refunding Bond

Utility System Revenue Refunding Bonds, Series 2001, were issued for the purpose of providing for the refunding of all maturities of the Gautier Utility District's outstanding Combined Utility System Revenue Bonds, Series 1992, issued in the principal amount of $19,970,000, in order to accomplish debt service savings for the District. The bond is payable solely from net revenues from water and sewer system operation. The Gautier Utility District was merged into the City of Gautier during fiscal year ended September 30, 2002.

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

The bonds are collateralized by the revenues of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond Funds. As long as the bonds are outstanding, the City agreed to fix and maintain rates and collect charges for the use and services of the System, which will at all times be sufficient to meet specified requirements. The balance outstanding at September 30, 2011, was $ 9,905,000.

Revenue Bonds State revenue bonds are collateralized by the revenues of the water and sewer funds. The City executed several long-term debt agreements with the State of Mississippi Environmental Quality for the purpose of improving the water distribution and sewer collection systems. The City entered into an agreement with the Mississippi State Tax Commission, allowing the Tax Commission to withhold $43,424 from monthly sales tax revenues as payment for principal and interest on bonds beginning in fiscal year 2006. The balance outstanding on these bonds, as of September 30, 2011, was $6,700,995.

Debt Maturity

Debt service requirements at September 30, 2011, were as follows:

	Governmental Activities		Business-type Activities	
	Notes & Capital Leases		Water and Sewer Bonds & Notes	
	Principal	Interest	Principal	Interest
2012	989,010	304,691	1,433,589	652,281
2013	664,777	288,458	1,498,551	584,706
2014	686,977	271,490	1,520,224	513,707
2015	585,694	253,586	1,567,228	437,494
2016-2020	2,920,000	993,893	7,172,955	854,986
2021-2025	2,355,000	688,874	2,319,609	286,018
2026-2030	1,695,000	169,767	1,186,621	55,289
Total	$ 9,896,458	2,970,759	16,698,777	3,384,481

CITY OF GAUTIER, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2011

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

G. Interfund Balances

Interfund balances at September 30, 2011, consisted of the following:

	DUE FROM:					
	Governmental Activities			Business-Type Activities		
DUE TO:	General Fund	MS Development	Other Governmental Funds	Water and Sewer Fund	Solid Waste Fund	Total
Governmental activities:						
General Fund	$ -	-	-	-	-	-
MS Development		-		-		-
Other Governmental Funds	-	-	-	-		
Business-type Activities:						
Water and Sewer Fund	-	-	-		-	-
Solid Waste Fund Total	-	-	-		-	-
Total	$ -	-	-	-	-	-

All balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Since all interfund balances were reclassified as revenues or expenditures respectfully, there were no remaining interfund balances at the fiscal year end.

H. Interfund Transfers

Transfer balances at September 30, 2010, consisted of the following:

	TRANSFERS IN:		
	Governmental Activities	Business-Type Activities	
TRANSFERS OUT:	Other Governmental Fund	Other Business-Type Fund	Total
Governmental activities:			
General Fund	$ 657,126	-	657,126
MS Development	-	-	-
Other Governmental Funds	-	-	-
Business-type activities:			
Water and Sewer Fund	-	(657,126)	(657,126)
Solid Waste	-	-	-
Total	$ 657,126	(657,126)	-

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 4. OTHER NOTES

A. Property Tax

Property tax is levied on the assessed (appraised) value as compiled by the Jackson County Tax Assessor for all real and business personal property located in the City. The assessment roll is approved and the levy is set before September 30, following a series of public hearings to receive citizen objections.

Resulting taxes are due on or before February 1. Installment payments are accepted on or before February 1, May 1, and August 1. An inter-local government agreement, effective October 1, 1989, provided for billing and collection of City and Pascagoula School District taxes by Jackson County, Mississippi.

Included in revenues are taxes for automobile tags, which are assessed and collected by Jackson County.

Such taxes, less a collection fee, are remitted to the City monthly.

Property tax revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

Increases in taxes are generally limited by State law to 10% of the taxes collected for the prior assessment year, excluding taxes from property added to the tax assessment rolls in the current year.

The City is required by law to assess and collect taxes necessary for operation of the Jackson-George Regional Library System and for service of certain related debt. Jackson-George Regional Library System provides services to residents of inside and outside the geographic boundaries of the City and has a separate appointed and/or elected board. Jackson-George Regional Library System is not included as a component unit of the City's financial reporting entity because the City does not have the ability to exercise control over library operations or approve budgets.

For the year ended September 30, 2011, the City's 2011 tax rate was as follows:

	MILLS
General Fund	21.930
Library Fund	1.000
Debt Service	2.840
Total	25.770

NOTE 4. OTHER NOTES (continued)

B. Pension Plans

Defined Benefit Pension Plan

Plan Description - The City of Gautier 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. Benefit provisions are established by State law 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy - PERS' members are required to contribute 9.00%, (effective July 1, 2010) of their annual covered salary and the Jackson County Utility Authority is required to contribute at an actuarially determined rate. The current rate of 12.00% of annual covered payroll is contributed by the City. These were the rates for the entire FY 2011. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature.

The City of Gautier's contributions to PERS for the years ended September 30, 2011 and 2010 were $666,917 and $663,584, respectively, representing 100% of the required contributions for the year.

Deferred Compensation Plan

The City, through PERS, offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The assets of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The requirements of Internal Revenue Code Section 457(g) prescribe that the City does not own the amounts deferred by employees, including the related income on those amounts. Additionally, the City does not have fiduciary accountability for the plan. Accordingly, the assets and the liability for compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

NOTE 4. OTHER NOTES (continued)

C. Commitments and Contingencies

Related Party Transactions

No known transactions requiring disclosure occurred between the City and its employees or elected officials.

Grants and Awards The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed by management to be material.

Litigation - various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

Contract Commitments Service Contracts:

On May 17, 1988, the City entered into an agreement with Jackson County, under which the County provides animal shelter services for a current fee of $10,560 per year.

On January 1, 1988, the City entered into an agreement with Mississippi Regional Housing Authority No. VIII (the Housing Authority) for the development of low-income housing units operated by the Housing Authority within the municipality. Under the agreement, all projects are exempt from all real and personal property taxes and special assessments levied by any taxing body. The Housing Authority makes annual payments in lieu of such taxes for the public services and facilities furnished by the City. Annual payments would be the lesser of 10% of shelter rent collected or the amount permitted to be paid by state law in effect on the date payment is made.

The City's six-year contract for trash collection services expired on September 30, 2006; however, the City renewed the contract for another six-years. The contractor is paid on a per unit basis, with an additional charge for Recycle Center collections.

NOTE 4. OTHER NOTES (continued)

Construction Contracts:

The City entered into various construction contracts in the prior Fiscal Year for infrastructure improvements with some estimated remaining commitments at September 3, 2011. The majority of these projects were funded by various state and federal grants. See Note 3. D for more detailed information on these projects.

D. Joint Venture

The City is a member of the joint venture Jackson County Utility Authority (the Authority), which was established by an act of the Mississippi Legislature to design and implement a water pollution abatement plan. The Authority is responsible for the operations and maintenance of the wastewater treatment plants for the cities of Gautier, Moss Point, Ocean Springs and Pascagoula. The Authority enters into subscription agreements with each of the governing bodies and districts to fund its operations.

The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2011, a complete copy of which is on file at the administrative offices of the Authority, located at 1225 Jackson Avenue, Pascagoula, Mississippi 39567.

BALANCE SHEET

ASSETS		
Current assets	$	5,420,661
Restricted investments		4,311,788
Capital assets	$	137,353,989
Total assets	$	147,086,438
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities	$	7,437,149
Noncurrent liabilities		7,750,836
Total liabilities		15,187,985
NET ASSETS		131,898,453
Total liabilities and net assets	$	147,086,428

STATEMENT OF REVENUES AND EXPENSES

Operating revenues	$	8,254,091
Operating expenses		(9,740,182)
Non-operating revenues		15,889,020
Change in Net Assets		14,402,929
Net Assets, Beginning of the Year		117,495,524
Total Net assets, end of the year	$	131,898,453

NOTE 4. OTHER NOTES (continued)

E. Deficit fund balances/Retained earnings

Minor deficit fund balances of individual funds were as follows:

Governmental activities:

CDBG Downtown Revitalization Fund	344
BP Oil Spill Fund	292

NOTE 4. OTHER NOTES (continued)

F. Settlements from prior periods:

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

	Governmental Activities	Business-type Activities	Total
Net assets September 30, 2010, as originally presented	$ 6,189,325	16,564,928	22,754,253
Interfund balance settled	496,767	(496,767)	-
Prior period adjustment - rounding		3	3
Net Assets, September 30, 2010	$ 6,686,092	16,068,164	22,754,256

FUND FINANCIAL STATEMENTS:

	General Fund	Water and Sewer Fund
Fund balance September 30, 2010, as originally presented	$ 2,668,076	16,068,162
Adjustments – Rounding		2
Fund balance, September 30, 2010	$2,668,076	$ 16,068,164

NOTE 4. OTHER NOTES (continued)

G. Subsequent events –

- Approved an application for a $1,000,000 tax anticipation note
- Approved a $1,000,000 submission for a CIAP Loan
- Approved application for a $2,910,000 Drinking Water Loan
- Completed erection of the Veterans Tribute Tower through donations from the public
- Completed plan to refinance the 2001 $ 15.7 Million Utility System Refunding Bond

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAUTIER, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over / Under
Resources (inflows):				
Taxes	2,511,235	2,526,235	2,945,426	419,191
Licenses and permits	153,960	167,310	103,028	(64,282)
Inter-governmental revenues	3,879,500	3,724,150	3,579,689	(144,461)
Fines and forfeitures	1,250,000	1,000,000	666,660	(333,340)
Miscellaneous	1,462,875	2,579,495	2,098,017	(481,478)
Available for appropriations	10,484,131	11,223,751	10,334,826	(888,925)
Charges to appropriations (outflows):				
General Government				
Personnel services	923,842	914,930	908,005	6,925
Supplies	36,300	30,850	30,042	808
Other services and charges	630,750	704,592	686,796	17,796
Capital outlay	8,000	38,619	32,619	6,000
Public Safety				
Personnel services	4,908,120	4,816,864	4,807,752	9,112
Supplies	199,700	189,820	185,105	4,715
Other services and charges	142,230	214,000	204,792	9,208
Capital outlay	457,660	539,840	427,711	112,129
Public Works				
Personnel services	802,866	905,902	902,137	3,765
Supplies	186,500	188,000	22,469	165,531
Other services and charges	271,200	269,700	235,163	34,537
Capital outlay	65,600	65,600	20,474	45,126
Community Services				
Personnel services	451,312	459,835	455,743	4,092
Supplies	12,250	6,400	6,990	(590)
Other Services & Charges	133,450	142,300	134,943	7,357
Culture and recreation				
Personnel services	91,829	95,359	95,357	2
Supplies	18,100	11,600	3,443	8,157
Other Services & Charges	58,000	64,500	50,116	14,384
Capital Outlay	117,000	117,000	-	117,000
Transfers & Debt Service	94,469	765,575	764,374	1,201
Total charges to Appropriations	9,609,178	10,541,286	9,974,031	567,255
Revenues less expenditures	(351,608)	(544,096)	(581,211)	(37,115)
Budgetary fund balance, October 1, 2010	$ 1,226,561	1,226,561	1,371,611	145,050
Encumbrances			(429,605)	(429,605)
Budgetary fund balance, September 30, 2011	$ 874,953	682,465	360,795	(321,670)

The accompanying notes are an integral part of these financial statements.

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF BUDGET-TO-ACTUAL RECONCILIATION
GENERAL FUND
For the Year Ended September 30, 2011

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles is as follows:

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 9,392,820
Differences - budget to GAAP:	
Transfers from other funds are inflows for budgetary purposes but are not revenues for financial reporting purposes	(657,126)
Police Package loan proceeds is recorded as a revenue in the fund financial statements, and is not a revenue for financial reporting purposes	(347,660)
Refunds are not revenues for financial reporting purposes	(18,825)
Special Revenue Fund revenues are included as General Fund revenues for financial reporting purposes	585,823
Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds, General Fund	$ 8,955,032
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary comparison schedule	$ 9,974,031
Differences - budget to GAAP:	
Special Revenue Fund expenditures included in the General Fund for reporting, but not for budget purposes.	572,773
The budget is prepared on the cash basis whereas the fund statements are on the modified accrual basis. This is the effect of expenditure accrual transactions.	75,052
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	(288,205)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, General Fund	$ 10,333,651

The accompanying notes are an integral part of these financial statements.

NOTE 1: BUDGETARY DATA

The procedures used by the City in establishing the budgetary data are as follows:

1. The City Clerk's office prepares estimates of available revenue.

2. Department directors submit proposed expenditure budgets to the City Clerk by June 1, each year.

3. The City Manager and the department directors review expenditure budgets, and necessary revisions are made.

4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the City Council.

5. The City Manager submits the proposed budget to the Board by August 1.

6. A public hearing is conducted to obtain taxpayer comments.

7. The final budget is approved by September 15, and must be published in a local newspaper on or before September 30.

8. Budget revisions are made throughout the year (prior to September), as reallocations of funds are necessary or circumstances change, which dictate the need for a budget amendment.

9. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.

10. The general fund budget is adopted on a cash basis as required by State statute. The appropriated budget is prepared by fund, function and department. The legal level of budgetary controls is the department level. The City Clerk's office exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without Board approval. However, department heads may make transfers of appropriations within a department. Budgetary controls are implemented through the City Clerk's office through the use of budget-to-actual reports. Any purchase requisition that will cause a line item to exceed its budget will be disallowed by the City Manager. The department head will then be required to make an inter-departmental budget transfer or request a budget amendment.

CITY OF GAUTIER, MISSISSIPPI
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended September 30, 2011

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS (BUDGET)

Although there was one minor excess of expenditures over appropriations (budget) by department for the fiscal year ending September 30, 2011, as shown on Page 53, the overall ending fund balance was a surplus.

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF BUDGET-TO-ACTUAL RECONCILIATION
MS DEVELOPMENT BANK KATRINA LOAN FUND
For the Year Ended September 30, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over / Under
Budgetary fund balance, October 1, 2011	$ 167,791	167,791	167,791	-
Resources (inflows):				
Interest earned	-	-	-	-
Transfers In	325,465	288,205	288,205	-
Amounts available for Appropriations	493,256	455,996	455,996	-
Charges to appropriations (outflows):				
General Government Debt Service	325,465	326,465	326,465	-
Capital Outlay		-	-	-
Transfers Out	-	-	-	-
Total charges to Appropriations	325,465	326,465	326,465	-
Budgetary fund balance, September 30, 2011	$ 167,791	129,531	129,531	-

OTHER SUPPLEMENTARY INFORMATION

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF SURETY BONDS OF MUNICIPAL OFFICIALS
For the Year Ended September 30, 2011

Name	Position	Amount
Tommy Fortenberry	Mayor	$ 100,000
Mary Martin	Councilwoman	100,000
Johnny Jones	Councilman	100,000
Hurley Ray Guillotte	Councilman	100,000
Gordon Gollott	Councilman	100,000
Scott McFarland	Councilman	100,000
Adam Colledge	Councilman	100,000
Sidney Runnels	City Manager	50,000
Wendy McClain	City Clerk	50,000
Edward E. Williams	Police Chief	50,000

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Passed Through State:			
Local Law Enforcement Block Grant			
Task Force Grant	16.592	7NM1301	$ 25,839
FBI Safe Street	16.592	18PGCP540Z	15,267
HIDTA	16.592	18PGCP540Z	14,749
Meth Grant	16.592	2006CKWX0067	1,787
U.S. Department of Commerce			
Passed Through State:			
MDR Grant – BP Oil Spill Grant	97.036	DMR-S-10-GAT-MSBPDHRBGH-5	366,281
U.S. Department of Homeland Security			
Passed Through State:			
Disaster Grant - Public Assistance	97.036	FEMA-1604-DR-MS	33,675
Katrina- Hazard Mitigation	97.039	DR-1604-MS-0111	32,758
U.S. Department of Housing and Urban Development			
Passed Through State:			
Community Development Block Grant-Regional Disaster	14.228	Gautier-01 (S-27) (W-22)	497,269
Community Development Block Grant-	14.219/14.228	R-109-192-01-KCR	585,823
Energy Efficiency and Conservation Block Grant	81.128	AR040-GT11-0810-0031	6,000
U.S Department of Transportation			
Passed Through State:			
MDOT	20.205	ER-9187-00(005) / LPA/105157-7001000	48,580
Total Expenditures of Federal Awards			**$ 1,628,028**

The accompanying notes are an integral part of these financial statements.

CITY OF GAUTIER, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Gautier and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 2. LOAN AGREEMENTS OUTSTANDING

Proceeds of State Revolving Fund loans were obtained for sewer rehabilitation and drinking water system improvements. The State Revolving Fund is financed, at least in part, by the U.S. Environmental Protection Agency. The principal balance on September 30, 2011, was:

DWI-H280092-01-3	$ 1,218,483
SRF-C2808754-01-3	1,664,490
SRF-C280879-01-1	1,142,083
DWI-H280114-01-2	680,226
DWI-H280114-02-0	362,188
SRF-C280879-02-2	1,633,525
	$ 6,700,995

CITY OF GAUTIER, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2011

2010-B-1 The City was still unable to provide sufficient documentary evidence to support the carrying amounts of fixed assets on its books. This finding continues, with the exception of taking a physical inventory, and is noted for the third year in Finding 2011-B-1.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

MEMBER: American Institute of CPA's
Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAUDITING STANDARDS*

The Honorable Mayor and Members of the City Council City of Gautier, Mississippi

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gautier, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City of Gautier, Mississippi's basic financial statements and have issued my report thereon dated December 5, 2012, in which I qualified my opinion because of the inadequacy of accounting records for the fiscal year ended September 30, 2011, that relate to the fixed assets, accumulated depreciation and depreciation expense, I was unable to form an opinion regarding those amounts and net assets invested in capital assets, net of related debt, for the Government-Wide Financial Statements, which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011, and the Proprietary Funds Financial Statements which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as also outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011. As a result, I was unable to form an opinion on the respective net assets to which these balances are related. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Gautier is responsible for establishing an maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the City of Gautier, Mississippi's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gautier, Mississippi's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Gautier, Mississippi's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be a material weakness.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

Page 2

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 deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questions costs as to be a material weakness. It is listed as item 2011-B-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gautier, Mississippi's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of the City of Gautier in a separate letter dated December 5, 2012.

The City of Gautier, Mississippi's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the City of Gautier, Mississippi's response and, accordingly, I express no opinion on the response.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gautier, Mississippi
December 5, 2012

MEMBER: American Institute of CPA's
Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT

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Gautier, Mississippi 39553

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Members of the City Council
City of Gautier, Mississippi

Compliance
I have audited the compliance of the City of Gautier, Mississippi, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011.

The City of Gautier, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Gautier, Mississippi's management. My responsibility is to express an opinion on the City of Gautier, Mississippi's compliance based on my audit.

I conducted out audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 requite that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gautier, Mississippi's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that our audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Gautier, Mississippi's compliance with those requirements.

In my opinion, the City of Gautier, Mississippi, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance
The management of the City of Gautier, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Gautier, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Gautier, Mississippi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gautier, Mississippi
December 5, 2012

MEMBER: American Institute of CPA's
Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH MISSISSIPPI STATE LAWS AND REGULATIONS

The Honorable Mayor and Members of the City Council
City of Gautier, Mississippi

I have audited the accompanying financial statements of the City of Gautier, Mississippi (the City) as of and for the year ended September 30, 2011 and have issued my report dated December 5, 2012. I have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of those procedures and my audit of the basic financial statements disclosed the following material instances of noncompliance with state laws and regulations. My findings and recommendations and your responses are as follows:

Finding

The City was not able to generate a ledger providing detailed information of the City's fixed assets. The City should be responsible for custody of its assets and accurately report them in the financial statements. Further, the City has not been reconciling the annual inventory of fixed assets to ledger balances; however, a comprehensive fiscal inventory of fixed assets was initiated during the fiscal year, and completed shortly thereafter. Also, no fiscal inventory was taken for the Fiscal Year ending September 30, 2011.

Recommendation

I recommend the City maintain a detailed ledger of fixed assets, along with a listing of additions and deletions during the year. This ledger should be reconciled to the annual inventory. The Office of the State Auditor has prepared forms and checklists to assist municipalities in performing this required inventory; they are available for download on the State Auditor's website.

Auditee's Response

Management recognizes the problem with the fixed assets. The City Clerk's office has been and is in the process of making great strides in resolving the problem, having taken a complete asset inventory for Fiscal 2012.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Gautier, Mississippi
December 5, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. In my report, my opinion on the financial statements, was qualified for inadequate records for fixed assets.

2. A material weakness relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. There were no significant deficiencies noted.

3. No instances of noncompliance material to the financial statements of the City of Gautier, Mississippi are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

4. No material weaknesses relating to the audit of major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance. There were no significant deficiencies noted.

5. The auditor's report on compliance for major federal award programs for the City of Gautier, Mississippi expresses an unqualified opinion.

6. There are no audit findings relative to the major federal award programs for the City of Gautier, Mississippi, that are to be reported in Part C of this schedule.

7. There were two major programs tested:

   Community Development Block Grant - CFDA No. 14.219/14.228

   Community Development Block Grant – Regional Disaster - CFDA No. 14.228

8. The dollar threshold for distinguishing Type A and B programs was $300,000.

9. The City of Gautier, Mississippi did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Reportable instances of noncompliance and reportable conditions and material weaknesses

2011-B-1

Finding

Criteria: Generally Accepted Accounting Principles (GAAP) for Governments indicate that they should have adequate records regarding the fixed assets, accumulated depreciation and depreciation expense that detail each class of asset, the description, date purchased or built, the cost (or estimated cost), the depreciation method (if applicable), the depreciation for the year and accumulated depreciation.

B. FINDINGS - FINANCIAL STATEMENT AUDIT (continued)

Condition: The City was unable to provide sufficient documentary evidence to support the carrying amounts of fixed assets on its books, and they were unable to satisfy GAAP as to the existence and valuation of the City's fixed assets.

Cause: The City has not reconciled the carrying amount of fixed assets on their books to their inventory.

Effect: This weakness in internal control regarding fixed assets leaves the City susceptible to misappropriation and unverifiable values on their books for the related items

Recommendation: I recommend the City implement a fixed assets control system. At the end of the fiscal year, the accounting department should reconcile the general ledger to the inventory control records.

Auditee's Response: Management recognizes the problem with the fixed assets. The City Clerk's office has been and is making great strides in resolving the problem.

Follow-up on prior audit findings: The previous year had the same finding listed as 2010-B-1

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to major federal programs.

There came for consideration of the Mayor and Members of the Council of the City of Gautier, Mississippi, the following:

RESOLUTION NUMBER 001-2013

WHEREAS, the Gautier Men's Club has requested the Members of the Council of the City of Gautier to provide Police support (in-kind services), parade set up, barricades, senior citizen bleachers, post clean up, insurance, and $900.00 to the Club to help defray the expenses for the 22nd Annual Gautier Mardi Gras Parade, which is scheduled to be held on February 2, 2013 at 7:00 PM.

WHEREAS, the Mayor and Council have determined that this event will bring into favorable notice the opportunities, possibilities and resources of the City of Gautier.

NOW, THEREFORE, be it resolved by the Mayor and Members of the Council of the Council of the City of Gautier, MS as follow to-wit:

SECTION 1. That Gautier Police Department shall provide units to lead the parade and traffic control.

SECTION 2. That the Cultural Services Department shall provide bleachers, trash cans and assist Public Works Department with barricades and post clean-up of parade route.

SECTION 3. That the City shall donate $900.00 to the Gautier Men's Club to help defray the cost of the Annual Mardi Gras Parade.

SECTION 4. That the City shall provide liability insurance for said one day event.

SECTION 5. That the City Manager or Interim City Clerk is authorized to execute any and all documents necessary.

Motion was made by **Councilman Macfarland**, seconded by **Councilwoman Martin** and the following vote was recorded:

AYES: **Tommy Fortenberry**
Johnny Jones
Hurley Ray Guillotte
Gordon Gollott
Mary Martin
Scott Macfarland
Adam Colledge

NAYS: **None**

____
MAYOR

ATTEST:

____
DEPUTY CITY CLERK

PASSED AND ADOPTED by the Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of January 2, 2013.

To: City of Gautier

From: Gautier Men's Club

Date: December 12, 2012

Gautier Mardi Gras Parade

Our parade is scheduled for February 02, 2013 at 7:00 PM.

We are providing the following detail for our request for services and support for this year's parade.

Services:

- Request the Police Department provide units to lead the parade and traffic control.
- City to set up and provide barricades, senior citizen bleachers, post clean-up of parade route.
- Provide general liability insurance coverage for the parade.

Support for:

- Mail out of Invitations .... $ 40
- Float Numbers and Site Layout Material .... $ 50
- Trophies .... $ 140
- Judges Stand .... $ 350
- Sound Equipment .... $ 300

Total .... $ 900

Thank you!

Bill Whatley

Bill Whatley
2013 Mardi Gras Parade Chairman
Email:bill_whatleyyahoo.com
228-627-1887

There came for consideration of the Mayor and Members of the Council of the City of Gautier, Mississippi, the following:

ORDER NUMBER 002-2013

IT IS HEREBY ORDERED by the Mayor and Members of the Council of the City of Gautier, Mississippi, that the Docket of Claims is hereby approved, provided that all entries thereon are true, correct, properly entered and not fraudulent.

IT IS FURTHER ORDERED that the City Manager or Interim City Clerk is authorized to execute any and all documents necessary.

Motion was made by Councilman Macfarland, seconded by Councilwoman Martin and the following vote was recorded:

AYES: **Tommy Fortenberry**
Johnny Jones
Hurley Ray Guillotte
Gordon Gollott
Mary Martin
Scott Macfarland
Adam Colledge

NAYS: **None**

____
MAYOR

ATTEST:

____
DEPUTY CITY CLERK

PASSED AND ADOPTED by Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of January 2, 2013.