

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

ORDER NUMBER 035-2014

IT IS HEREBY ORDERED by the Mayor and Members of the Council of the City of Gautier, Mississippi, that the FY 2012 Audited Financial Statements prepared by Lloyd B. Marshall, Jr. Certified Public Accountant is hereby accepted.

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

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

AYES: Gordon Gollott
 Mary Martin
 Johnny Jones
 Hurley Ray Guillotte
 Casey Vaughan
 Rusty Anderson
 Adam Colledge

NAYS: None

MAYOR

ATTEST:

CITY CLERK

Passed and Adopted by Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of February 18, 2014.

CITY OF GAUTIER, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2012

CITY OF GAUTIER, MISSISSIPPI
MUNICIPAL OFFICIALS
For the Year Ended September 30, 2012

OFFICIALS

Mayor

Tommy Fortenberry

CITY COUNCIL

Councilwoman
Councilman
Councilman
Councilman
Councilman
Councilman

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

DEPARTMENT HEADS

City Attorney

Robert Ramsay

Interim City Manager

Robert Ramsey to
February 19, 2012;

City Manager

Samantha Abell
February 20, 2102 to
September 30, 2012

City Clerk

Wendy McClain to
July 27,2012
Teresa Montgomery
July 27, 2012 to
Fiscal Year End

Police Chief

Edward E. Williams
To June 29, 2012
Kenny McMillian
Form June 30, 2012
To July 15, 2012
Dante Elbin July
16, 2012 to Fiscal
Year End

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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, 2012, 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, 2012, 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, 2012, 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, 2012. 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, 2012, 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.

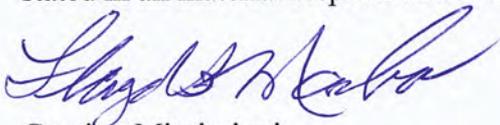
Independent Auditors' Report

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In accordance with *Government Auditing Standards*, I have also issued my report dated February 12, 2014, 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 United 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.



Gautier, Mississippi
February 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012

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, 2012. 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, 2012, the City has not completed implementation for previously constructed infrastructure assets.

FINANCIAL HIGHLIGHTS

- In 2012 and 2011, the City's net assets amounted to \$27,419,092 and \$24,736,777, respectively. The net assets for governmental activities totaled \$8,231,573 in 2012 and \$6,640,185 in 2011, contributing 30.02% and 26.84%, respectively, of total net assets; business-type activities contributed 69.98% and 73.16%, totaling \$19,187,519 in 2012 and \$18,096,592 in 2011.
- General revenues for 2012 and 2011 were \$7,645,641 and \$7,652,750, equaling 41.08% and 42.43% of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were \$10,959,689 and \$10,383,204, equaling 58.92% and 57.57% of total revenues.
- In 2012 and 2011, the City had \$15,926,170 and \$16,053,433 in expenses, respectively; only \$10,959,689 and \$10,383,204 of these expenses were offset by program specific charges for services, grants and contributions.
- Capital assets, net of accumulated depreciation, totaled \$45,554,857 in 2012 and \$42,829,424 in 2011.

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.