Tuesday
June 21, 2016
Gautier, Mississippi

BE IT REMEMBERED THAT A RECESSED MEETING by the Mayor and Members of the Council of the City of Gautier, Mississippi was held June 21, 2016 at 6:30 PM in the City Hall Municipal Building, 3330 Highway 90, Gautier, Mississippi.

Those present were Mayor Gordon Gollott, Council Members, Mary Martin, Johnny Jones, Hurley Ray Guillotte, Casey Vaughan, Rusty Anderson and Adam Colledge. Also present were Paula Yancey, Interim City Manager; Cynthia Russell, City Clerk; Josh Danos, City Attorney; and other concerned citizens.

AGENDA
CITY OF GAUTIER, MISSISSIPPI
CITY HALL COUNCIL CHAMBERS
June 21, 2016 @ 6:30 PM

I. Call to Order

1. **Prayer**
2. **Pledge of Allegiance**

II. Agenda Order Approval

III. Announcements

1. **Office closed Monday, July 4th in observance of Independence Day.**

IV. Presentation Agenda

1. **Recognition of Retirement for Captain Vance Cochran of the Gautier Fire Department.**
2. **Update on the Martin Bluff Project Right-of-Way Acquisition Phase, Mark Dye with Right-of-Way Technologies.**

V. Public Agenda

1. **Agenda Comments**

VI. Business Agenda

1. **Order accepting Audited Financial Statements for the year ended September 30, 2015 and reflecting the explanation of the City's position on the requirements of GASB 68.**

2. **Public hearing on consideration of a Conditional Use-Major Permit for New Covenant of Grace Church at 1412 Highway 90 (GPC Case No. 16-10-CU). W. Calvin Hyde, representative for New Covenant of Grace Church.**

3. **Public hearing on consideration of a Conditional Use-Major Permit for B&D Plastics, LLC at 5500 Allen Road (GPC Case No. 16-12-CU). Tom Reeves, manager.**

4. **Public hearing on consideration of a Height Variance request for B&D Plastics, LLC at 5500 Allen Road (GPC Case No. 16-11-VAR). Tom Reeves, manager.**

5. **Resolution approving General Fund Budget Amendments for FY 2016.**

6. **Resolution approving revisions to the FY 2016 Comprehensive Fee Schedule.**

7. **Order authorizing approval and submission of the prioritized paving list request to the Jackson County Board of Supervisors.**

8. **Order approving service agreement between the City of Gautier and Automated Merchant Services to provide electronic payment processing system.**

9. **Order establishing "Just Compensation" for the first group of properties and authorize Acquisition Agent to move forward with acquiring ROW for the Martin Bluff Widening Project.**

10. **Order authorizing the submission of FY 2018 Mississippi Tidelands Trust Fund Applications.**

11. **Order authorizing the City to award and execute a contract with Gulf Breeze Landscaping, LLC for the College Park Elementary Safe Routes to School Project SRSP-0494-00(010)LPA/106702-40100.**

12. **Order approving Docket of Claims.**

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

1. **Order approving the 2016 Continuing Disclosure Submission prepared by Butler Snow, LLP.**

2. **Order authorizing the Gautier Police Department to purchase thirty (30) Safety Vision body cameras from the U.S. Department of Homeland Security in the amount of $16,947.00.**

3. **Order approving minutes from Regular Council Meeting held June 7, 2016.**

4. **Order accepting May 2016 Privilege License Report.**

5. **Order amending minutes through a Nunc Pro Tunc from the May 24, 2016 Council Meeting due to a clerical error.**

STUDY AGENDA

1. **Discuss Citizen Comments**
2. **Discuss Council Comments**
3. **Discuss Interim City Manager Comments**
4. **Discuss City Clerk Comments**
5. **Discuss City Attorney Comments**

Adjourn until July 5, 2016 at 6:30 PM
www.gautier-ms.gov

Councilwoman Martin made the motion to approve the agenda order.

Councilman Vaughan seconded the motion and it carried unanimously.

Announcements:

1. Office closed Monday, July 4th in observance of Independence Day.

Presentation:

1. Recognition of Retirement for Captain Vance Cochran of the Gautier Fire Department.
2. Update on the Martin Bluff Project Right-of-Way Acquisition Phase, Mark Dye with Right-of-Way Technologies.

MISSISSIPPI CODE of 1972

*** Current through HB 1, 2016 1st Extraordinary Session and House Bills 447, 461, 496, 968, 1369, 1380 and 1413, and Senate Bills 2209, 2211, 2300, 2342, 2372, 2398, 2508, 2520, 2660, 2704 and 2808, 2016 Regular Session, not including changes and corrections made by the Joint Legislative Committee on Compilation, Revision and Publication of Legislation. The final official version of statutes affected by 2016 legislation will appear on Lexis.com and Lexis Advance in September 2016. ***

TITLE 3. STATE SOVEREIGNTY, JURISDICTION AND HOLIDAYS
CHAPTER 3. STATE BOUNDARIES, HOLIDAYS, AND STATE EMBLEMS

Miss. Code Ann. § 3-3-7 (2016)

§ 3-3-7. Legal holidays

(1) Except as otherwise provided in subsection (2) of this section, the following are declared to be legal holidays, viz: the first day of January (New Year's Day); the third Monday of January (Robert E. Lee's birthday and Dr. Martin Luther King, Jr.'s birthday); the third Monday of February (Washington's birthday); the last Monday of April (Confederate Memorial Day); the last Monday of May (National Memorial Day and Jefferson Davis' birthday); the fourth day of July (Independence Day); the first Monday of September (Labor Day); the eleventh day of November (Armistice or Veterans' Day); the day fixed by proclamation by the Governor of Mississippi as a day of Thanksgiving, which shall be fixed to correspond to the date proclaimed by the President of the United States (Thanksgiving Day); and the twenty-fifth day of December (Christmas Day). In the event any holiday hereinbefore declared legal shall fall on Sunday, then the next following day shall be a legal holiday.

(2) In lieu of any one (1) legal holiday provided for in subsection (1) of this section, with the exception of the third Monday in January (Robert E. Lee's and Martin Luther King, Jr.'s birthday) and the eleventh day of November (Armistice or Veterans Day), the governing authorities of any municipality or county may declare, by order spread upon its minutes, Mardi Gras Day or any one (1) other day during the year, to be a legal holiday.

(3) August 16 is declared to be Elvis Aaron Presley Day in recognition and appreciation of Elvis Aaron Presley's many contributions, international recognition and the rich legacy left to us by Elvis Aaron Presley. This day shall be a day of recognition and observation and shall not be recognized as a legal holiday.

(4) May 8 is declared to be Hernando de Soto Day in recognition, observation and commemoration of Hernando de Soto, who led the first and most imposing expedition ever made by Europeans into the wilds of North America and the State of Mississippi, and in further recognition of the Spanish explorer's 187-day journey from the Tombigbee River basin on our state's eastern boundary, westward to the place of discovery of the Mississippi River on May 8, 1541. This day shall be a day of commemoration, recognition and observation of Hernando de Soto and European exploration and shall not be recognized as a legal holiday.

(5) Armistice Day (Veterans Day) shall be observed by appropriate exercises in all the

public schools in the State of Mississippi. The superintendent of schools of each public school district is authorized to provide for the appearance of uniformed military personnel, uniformed veterans or the families of fallen military personnel/veterans at such public school exercises in honor of Armistice (Veterans) Day. The superintendent of schools is also authorized to permit the school band and its director(s) at any public school in the district to perform at Armistice (Veterans) Day exercises in the school district upon the request of public officials or veterans associations without loss of any program credit by participating students and without loss of leave by participating school personnel.

HISTORY: SOURCES: Codes, 1880, § 1132; 1892, § 3514; 1906, § 4011; Hemingway's 1917, § 2045; 1930, § 5024; 1942, § 5946; Laws, 1924, ch. 343; Laws, 1940, ch. 138; Laws, 1948, ch. 365; Laws, 1966, ch. 563, § 1; Laws, 1970, ch. 460, § 1; Laws, 1987, ch. 301; Laws, 1987, ch. 398; Laws, 1988, ch. 566; Laws, 1993, ch. 301, § 1; Laws, 1997, ch. 339, § 1; Laws, 2011, ch. 491, § 1, eff from and after July 1, 2011.

GAUTIER FIRE DEPARTMENT

2502 College Circle Gautier, MS 39553
Phone: (228) 497-1656
Fax: (228) 497-0100
"Proudly protecting Natures Playground"

PRESS RELEASE

Captain Vance Cochran was born, raised, and currently resides in Gautier. He has been married to Chrissie (Rigney) for twenty plus years and has three children, Emily, James, and Jacob. He has been employed with the Gautier Fire Department for 25 plus years, during which time he has received numerous letters of commendation from local, state, and federal agencies. His accomplishments include Smoke Diver, Certified Advanced Rescue Specialist, Master Diver Certified, Leadership Jackson County Graduate 2015, and a member of Mississippi Task Force III. Vance is currently working on his Bachelor's Degree in Occupational Safety and Health at Columbia Southern University and is scheduled to graduate in the fall. Vance has responded to numerous incidents and effected change for a better outcome throughout his career.

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

ORDER NUMBER 136-2016

ORDER REFLECTING 2015 AUDIT ON THE MINUTES WITH EXPLANATION OF CITY'S POSITION ON THE REQUIREMENTS OF GASB 68

WHEREAS, the audit for fiscal year 2015 has been completed and received by the City as required by law; and

WHEREAS, according to GASB 68, accounting and financial reporting for pensions, each member agency of the State of Mississippi Public Employees Retirement System is required to record a proportionate share of the liability of Mississippi Public Employees Retirement System (PERS) according to a prescribed formula within its audit; and

WHEREAS, in order for its audit to be compliant with said standard this requirement of GASB 68 is reflected in the audit; and

WHEREAS, the City desires to go on record stating that it has no legal liability for any amount due and owing by PERS to the plan members and as a member agency promptly pays the 15.75% match required to PERS on a timely basis as required by law; and

WHEREAS, MCA section *25-11-101 et seq* defines the liability of member agencies and does not make member agency's responsible in excess of what is set forth within state law;

BE IT THEREFORE ORDERED, by the Mayor and Members of the Council of the City of Gautier along with the City's position as stated herein above as to the requirements of GASB 68;

BE IT FURTHER ORDERED, by the Mayor and Members of the Council of the City of Gautier, Mississippi, that the Audited Financial Statements for the year ended September 30, 2015 are hereby accepted;

BE IT FURTHER ORDERED, that the Interim City Manager and City Clerk are authorized to execute any and all documents.

Motion made by **Councilwoman Martin**, seconded by **Councilman Vaughan** 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 June 21, 2016.

CITY OF GAUTIER, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

DRAFT

CITY OF GAUTIER, MISSISSIPPI
MUNICIPAL OFFICIALS
For the Year Ended September 30, 2015

OFFICIALS

Mayor	Gordon Gollott

CITY COUNCIL

Councilwoman	Mary Martin
Councilman	Johnny Jones
Councilman	Hurley Ray Guillotte
Councilman	Casey Vaughan
Councilman	Charles Anderson
Councilman	Adam Colledge

APPOINTED OFFICIALS

City Attorney	Josh Danos
City Manager	Samantha Abell
City Judge	Jason Thornton

DEPARTMENT HEADS

City Clerk	Cindy Russell
Comptroller	Teresa Montgomery
Economic Development Director	Chandra Nicholson
Fire Chief	Robert Jones
Police Chief	Dante Elbin
Human Resources Director	Jason Pugh

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

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 436
Gautier, MS 39553

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Capital Projects Funds	Unmodified
Water & Sewer Fund	Unmodified
Solid Waste Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Government-Wide Financial Statements and Proprietary Funds Financial Statements and Capital Assets Note to the Financial Statements

Because of the inadequacy of accounting records for the fiscal year ended September 30, 2015, 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, 2015, 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, 2015. As a result, I was unable to form an opinion on the respective net assets to which these balances are related.

Qualified Opinions

In My opinion, except for the effects of the matter described in the "*Basis for Qualified Opinions on Government-Wide Financial Statements and Proprietary Funds Financial Statements and Capital Assets Note to the Financial Statements*" paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Gautier, Mississippi, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the General Fund, the Capital Projects Fund, the Water & Sewer Fund, the Solid Waste Fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
Page 3

Other Matters
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of City of Gautier as of and for the year ended September 30, 2015, and have issued my report thereon dated May 30, 2016, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 or 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated May 30, 2016 on my consideration of the City of Gautier'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Gautier's internal control over financial reporting and compliance.

DRAFT

Gautier, Mississippi
May 30, 2016

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, 2015. 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, 2015, the City has not completed implementation for previously constructed infrastructure assets, but is well on the way to implementation.

FINANCIAL HIGHLIGHTS

- In 2015 and 2014, the City's net position amounted to *$26,570,881* and *$35,515,995*, respectively. The net position for governmental activities totaled *$ 6,139,479* in 2015 and *$14,061,308* in 2014, contributing *23.11%* and *39.59%,* respectively, of the total net position; business-type activities contributed *76.89%* and *60.41%,* totaling *$20,431,402* in 2015 and *$21,454,686* in 2014.

- General revenues for 2015 and 2014 were *$8,385,676* and *$9,007,974*, equaling *44.85%* and *46.77%* of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were *$10,310,562* and *$10,248,279*, equaling *55.15%* and *53.23%* of total revenues.

- In 2015 and 2014, the City had *$18,619,610* and *$16,114,924* in expenses, respectively; only *$10,310,562* and *$10,248,279* of these expenses were offset by program specific charges for services, grants and contributions.

- Capital assets, net of accumulated depreciation, totaled *$51,157,678* in 2015 and *$50,350,019* in 2014.

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 18 and 19 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 32-52 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 54-60 of this report.

Reporting the City's Most Significant Funds

Fund financial statements begin on page 22 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 position and the Statement of Activities) and governmental funds in the reconciliation's found on pages 23 and 25.

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 Solid Waste funds. The nonmajor proprietary fund is the Solid Waste Fund which is combined in 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 position - Net position 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 position for the fiscal years ended September 30, 2015 and 2014.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 8,260,664	5,594,007	3,790,962	8,153,798	12,051,626	13,747,805
Capital assets	16,874,643	17,425,968	34,283,035	32,924,051	51,157,678	50,350,019
Total assets	25,135,307	23,019,975	38,073,997	41,077,849	63,209,304	64,097,824
Long-term debt outstanding	16,913,137	7,148,385	14,609,864	16,604,158	31,523,001	23,752,543
Other liabilities	2,082,691	1,810,282	3,032,731	3,019,004	5,115,422	4,829,286
Total liabilities	$18,995,828	8,958,667	17,642,595	19,623,162	36,638,423	28,581,829
Net position:						
Invested in capital assets, net of debt	$ 9,717,595	9,342,250	16,110,699	14,102,726	25,828,294	23,444,976
Restricted	1,745,541	1,767,701	2,178,765	5,450,657	3,924,306	7,218,358
Unrestricted	(5,323,657)	2,951,357	2,141,938	1,901,304	(3,181,719)	4,852,661
Total net position	$ 6,139,479	14,061,308	20,431,402	21,454,687	26,570,881	35,515,995

The City's restricted net position accounted for 14.76 % of total net position in 2015, and 20.32 % in 2014. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 97.20 % of total net position in 2015 and 66.01 % in 2014, respectively. The remaining balance consisted of unrestricted net position, is the part of net position 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 Position.

• 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, 2015, the City had not implemented retroactive reporting of infrastructure.

Changes in net position - The City's total revenues for the fiscal years ended September 30, 2015 and 2014 were $18,696,238 and $19,256,253, respectively. The total cost of all programs and services was $18,619,610 and $16,114,924. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2015 and 2014.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	$ 2,449,492	892,959	7,281,471	6,989,488	9,730,963	7,882,447
Operating Grants and Contributions	159,492	137,748	-	1,175,695	159,492	1,313,443
Capital Grants And contributions	420,107	1,052,389	-	-	420,107	1,052,389
General Revenues						
Property Taxes	4,653,847	4,010,031	-	-	4,653,847	4,010,031
Franchise Taxes	165,439	166,340	-	-	165,439	166,340
Intergovernmental Revenues	2,861,398	2,871,977	-	-	2,861,398	2,871,977
Other General Revenues And Transfers	697,820	1,803,051	7,172	156,575	704,992	1,959,626
Total revenues	$ 11,407,595	10,934,495	7,288,643	8,321,758	18,696,238	19,256,253

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Expenses						
General Government	$ 2,709,833	2,475,760	-	-	2,709,833	2,475,760
Public Safety	6,440,293	5,670,498	-	-	6,440,293	5,670,498
Public Works	719,119	523,895	-	-	719,119	523,895
Culture & Recreation	329,562	304,685	-	-	329,562	304,685
Capital Outlay	-	-	-	-	-	-
Debt Service-interest	108,640	304,075	-	-	108,640	304,075
Water and Sewer Fund	-	-	7,108,479	5,826,378	7,108,479	5,826,378
Solid waste	-	-	1,203,684	1,009,633	1,203,684	1,009,633
Total expenses	$10,307,447	9,278,913	8,312,163	6,836,011	18,619,610	16,114,924
Increase in net position	$ 1,100,148	1,655,582	(1,023,520)	1,485,747	76,628	3,141,330

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

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
General Government	$ 2,709,833	(695,016)	2,475,760	(1,194,367)
Public Safety	6,440,293	(5,689,134)	5,670,498	(4,868,795)
Public Works	719,119	(719,119)	523,895	(523,895)
Culture & Recreation	329,562	(66,447)	304,685	(304,685)
Capital Outlay	-	-	-	-
Debt Service-interest	108,640	(108,640)	304,075	(304,075)
Total expenses	$ 10,307,447	(7,278,356)	9,278,913	(7,195,817)

Business-type activities

The City's business-type activities generated a reduction in net position of $ 1,023,520 during the fiscal year ending September 30, 2015. This represents a decrease of approximately $ 2,509,267 from the change during the previous year. The factors contributing to this decrease included:

• The Water and Sewer Fund had a decrease in service charges of approximately $ 205,000.

• The Water and Sewer Fund had a decrease in grant revenues of approximately $ 1,131,000.

• The Water & Sewer Fund had a decrease in other revenues of approximately $ 330,000, and the Business Type Activities had an increase of expenses of approximately $ 900,000.

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

Governmental Activities:

As the City completed the year, its governmental funds reported a combined fund balance of $6,266,950, compared to $4,719,058 in the prior year. Activities within the general fund contributed to approximately 62.93% in 2015 and 48.79% in 2014 of the fund balances, respectively. Other items that influenced the fund balances are as follows:

• The City received a settlement from British Petroleum (BP) of approximately $ 1.3 million during the fiscal 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 $ 8,870,964 compared to $ 11,093,365 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 54-58 of this report as required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's total capital assets for 2015 and 2014 were $ 51,157,678 and $50,350,019, 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, 2015 and 2014.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 1,798,104	1,798,104	1,190,870	1,190,870	2,988,974	2,988,974
Construction in progress	463,698	-	-	3,017,060	463,698	3,017,060
Buildings and improvements	2,128,734	2,210,859	1,613,570	1,672,997	3,742,304	3,883,856
Machinery and Equipment	1,852,025	2,598,945	100,001	110,415	1,952,026	2,709,360
Utility System	-	-	31,378,594	26,932,709	31,378,594	26,932,709
Infrastructure	10,632,082	10,818,060			10,632,082	10,818,060
Total	$16,874,643	17,425,968	34,283,035	32,924,051	51,157,678	50,350,019

Major projects over the past four years have included:

	Completed Through September 30, 2015	Estimated Remaining Commitment
Government and business-type activities:		
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	5,966,287	-
Energy Efficiency & Meter Replacements	3,224,543	-
ION-X Project	2,538,677	-
Streetscape, Phase III	478,916	55,084

Debt Administration At September 30, 2015, the City had $ 24,425,890 in general obligation bonds and other long-term debt outstanding, of which $ 3,292,538 is due within one year.

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds (backed by the City)	$ 5,690,000	5,975,000	11,804,326	13,250,000	17,494,326	19,225,000
Revenue Bonds and Notes (backed by specific tax and fee revenues)	1,467,048	1,857,901	5,177,141	5,571,326	6,644,189	7,429,227
Compensated absences	287,375	294,259	-	5,638	287,375	299,897
Total	$ 7,444,423	8,127,160	16,981,467	18,826,964	24,425,890	26,954,124

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 2015 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 previously for a New Police Station and other improvements, to provide for a platform for continuing economic development, and the issuance in a previous Fiscal Year of a Refunding Bond saving the City anticipated interest charges. Also in September of 2012, the City adopted its first ever five year strategic plan.

PENSION LIABILITY AND PENSION DISCLOSURES UNDER GASB 68

While GASB 68 requires the recording of the amount indicated under Net Pension Liability in accordance with a prescribed formula, MCA section *25-11-101 et seq*, provides that a member agency's liability is limited to the extent of the required match of 15.75% by the member agency which is forwarded to the Public Employees Retirement System on a monthly basis. Therefore, it is the legal position of the City of Gautier that in accordance with the laws of the State of Mississippi, any amounts due and owing by it to the Public Employees Retirement System have been paid in full and are paid in a timely manner. It is the City's legal position that it has no legal liability for the Public Employees Retirement System or any amounts due and owing to the individual members thereof.

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 there are any questions about this report or needed additional financial information, contact the Comptroller's Office at 3330 Hwy 90, Gautier, Mississippi or tmontgomery@gautier-ms.gov.

BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

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 POSITION
September 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,609,057	1,069,537	5,678,594
Restricted cash and cash equivalents	1,745,541	2,178,765	3,924,306
Receivables, net	901,106	542,660	1,443,766
Internal Balances	-	-	-
Capital assets:			
Land and Construction in Progress	2,261,802	1,190,870	3,452,672
Other capital assets, net of Depreciation	14,612,841	33,092,165	47,705,006
Total capital assets	16,874,643	34,283,035	51,157,678
Total assets	24,130,347	38,073,997	62,204,344
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	1,004,960	-	1,004,960
LIABILITIES			
Accounts payable	285,708	63,549	349,257
Accrued Expenses & Interest Payable	652,808	20,777	673,585
Compensated absences, current	50,238	-	50,238
Customer deposits	-	576,803	576,803
Long-term liabilities:			
Due within one year	870,698	2,371,602	3,242,300
Due in more than one year	6,523,487	14,609,864	21,133,351
Net Pension Liability	10,389,650		10,389,650
Total liabilities	18,772,589	17,642,595	36,415,184
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	223,239	-	223,239
NET POSITION			
Investment in capital assets (net of related debt)	9,717,595	16,110,699	25,828,294
Restricted :			
Debt service	1,745,541	758,354	2,503,895
Bond contingency fund/Meter Deposits		1,420,411	1,420,411
Unrestricted	(5,323,657)	2,141,938	(3,181,719)
Total net position	$ 6,139,479	20,431,402	26,570,881

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, 2015

		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	$ 2,709,833	1,438,818	155,892	420,107	(695,016)	-	(695,016)
Public Safety	6,440,293	751,159	-	-	(5,689,134)	-	(5,689,134)
Public Works	719,119	-	-	-	(719,119)	-	(719,119)
Culture and Recreation	329,562	259,515	3,600	-	(66,447)	-	(66,447)
Debt service – interest	108,640	-			(108,640)		(108,640)
Total Government Activities	$ 10,307,447	2,449,492	159,492	420,107	(7,278,356)	-	(7,278,356)
Business-type activities:							
Water & Sewer Fund	6,809,973	6,031,099	-	-	-	(778,874)	(778,874)
Solid Waste	983,684	1,250,372	-	-	-	266,688	266,688
Total Business-type Activities	7,793,657	7,281,471	-	-		(512,186)	(512,186)
Total Primary	$18,101,104	9,730,963	159,492	420,107	(7,278,356)	(512,186)	(7,790,542)
			General Revenues:				
			Property Taxes		4,653,847	-	4,653,847
			Franchise Taxes		165,439	-	165,439
			Intergovernmental		2,861,398	-	2,861,398
			Interest Income		6,736	7,172	13,908
			Miscellaneous		172,578		172,578
			Transfers & Special Items				
			Transfers		518,506	(518,506)	-
			Total Revenues, Transfers And Special Items		8,378,504	(511,334)	7,867,170
			Changes in Net Position		1,100,148	(1,023,520)	76,628
			Net Position, beginning		14,061,308	21,454,686	35,515,994
			Prior Period Adjustment		(9,021,977)	236	(9,021,741)
			Net position, as restated		5,039,331	21,454,922	26,494,253
			Net Position, ending		$ 6,139,479	20,431,402	26,570,881

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

CITY OF GAUTIER, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2015

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$4,020,081	-	588,977	4,609,058
Receivables, net	700,477	-		700,477
Due From (To)	-		-	-
Total current assets	4,720,558	-	588,977	5,309,535
Noncurrent assets:				
Restricted cash	-	1,745,541	-	1,745,541
Total assets	$ 4,720,558	1,745,541	588,977	7,055,076
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 75,400		9,680	85,080
Other accrued liabilities	652,808	-		652,808
Compensated absences, Current	48,656	-	1,582	50,238
Total liabilities	776,864	-	11,262	788,126
Fund balances:				
Reserved for:				
Debt service	-	1,745,541	-	1,745,541
Unassigned:				
General fund	3,943,695	-	-	3,943,695
Special revenue funds	-	-	577,714	577,714
Total fund balances	3,943,695	1,745,541	577,714	6,266,950
Total liabilities and fund balances	$ 4,720,559	1,745,541	588,977	7,055,076

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 POSITION
September 30, 2015

Total governmental funds balance		$ 6,266,950

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	$ 24,343,105	
Less: accumulated depreciation	(7,468,462)	16,874,643
Deferred Outflows		1,004,960

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred Inflows	(223,239)
Pension Liability	(10,389,650)
Bonds and notes	(7,165,332)
Compensated absences	(228,853)
Net assets of governmental activities	**$ 6,139,479**

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, 2015

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 4,542,438	-	111,409	4,653,847
Franchise fees	165,439	-	-	165,439
Fees and fines	740,629	-	10,530	751,159
Licenses and permits	143,853	-	-	143,853
Intergovernmental	2,760,344	-	101,053	2,861,397
Interest income	4,122	2,614	-	6,736
Grants	54,518	12,367	512,714	579,599
BP Settlement	1,294,965			1,294,965
Miscellaneous	293,357		138,736	432,093
Total revenues	9,999,665	14,981	874,442	10,889,088
EXPENDITURES				
Current:				
General government	2,464,936	3,250	87,367	2,555,553
Public safety	5,106,593	3,478	30,541	5,140,612
Public works	426,343	30,463	79,316	536,122
Culture and recreation	88,837	-	212,099	300,936
Debt service:				
Interest and fiscal charges		766,746	17,747	784,493
Capital outlay	19,718	-	529,047	548,765
Total expenditures	8,106,427	803,937	956,117	9,866,481
Excess of revenues over (under) expenditures	1,893,238	(788,956)	(81,675)	1,022,607
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(251,813)	766,796	3,523	518,506
Total other financing sources (uses)	(251,813)	766,796	3,523	518,506
Net changes in fund balances	1,641,425	(22,160)	(78,152)	1,541,113
Fund balance - beginning of year	2,302,282	1,767,701	649,074	4,719,057
Prior period adjustments	(12)		6,792	6,780
Fund balance - end of year	$3,943,695	1,745,541	577,714	6,266,950

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, 2015

Net change in fund balances - total governmental funds		**$ 1,541,113**
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	$ 548,765	
Depreciation	(1,100,090)	
Excess of depreciation expense over capital outlay		(551,325)
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.		
Principal Paid on Debt		675,854
Net Adjustments for compensated absences		13,679
Pension Adjustment		(579,173)
		110,360
Changes in net position of governmental activities		**$ 1,100,148**

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2015

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
ASSETS			
Current assets			
Cash and cash equivalents	$ 978,922	90,615	1,069,537
Accounts receivable, net	542,660	-	542,660
Due (to) from other Funds	(104,338)	104,338	
Total current assets	1,417,244	194,953	1,612,197
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	2,178,765	-	2,178,765
Capital assets:			
Land	1,190,870	-	1,190,870
Other capital assets, net of accumulated depreciation	33,076,303	15,862	33,092,165
Total noncurrent assets	36,445,938	15,862	36,461,800
Total assets	37,863,182	210,815	38,073,997
LIABILITIES			
Current liabilities:			
Accounts payable	63,549		63,549
Other Accrued Liabilities	20,777		20,777
Compensated absences payable	-		-
Bonds and notes payable	2,371,602	-	2,371,602
Payable from restricted assets:			
Customer deposits	576,803	-	576,803
Total current liabilities	3,032,731	-	3,032,731
Noncurrent liabilities:			
Compensated absences	-	-	-
Bonds and notes payable	14,609,864	-	14,609,864
Total noncurrent liabilities	14,609,864	-	14,609,864
Total liabilities	17,642,595	-	17,642,595
NET POSITION			
Invested in capital assets, net of related debt	16,094,837	15,862	16,110,699
Restricted:			
Debt service & Meter Deposits	2,178,765	-	2,178,765
Bond contingency fund	822,451	-	822,451
Unrestricted	1,124,534	194,953	1,319,487
Total net position	$ 20,220,587	210,815	20,431,402

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

CITY OF GAUTIER, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2015

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	$ 5,531,232	1,249,122	6,780,354
Grants	34,825	1,250	36,075
Other	465,042	-	465,042
Total operating revenues	6,031,099	1,250,372	7,281,471
OPERATING EXPENSES			
Personnel services	3,291		3,291
Wastewater treatment	1,570,236	-	1,570,236
Privatization Costs	2,163,495		2,163,495
Waste collections and disposals	-	982,761	982,761
Supplies	182,069	-	182,069
Maintenance and repairs	362,383	-	362,383
Depreciation	1,539,356	923	1,540,279
Other services and charges	498,487		498,487
Total operating expenses	6,319,316	983,684	7,303,001
Operating income (loss)	(288,217)	266,688	(21,530)
NONOPERATING REVENUES (EXPENSES)			
Interest income	7,172	-	7,172
Interest expense	(490,657)	-	(490,657)
Net nonoperating revenues (expenses)	(483,485)	-	(483,485)
CAPITAL CONTRIBUTIONS & TRANSFERS			
Transfer In (Out)	(298,506)	(220,000)	(518,506)
Changes in net position	(1,070,208)	46,688	(1,023,520)
Net position - beginning of year	21,296,323	158,362	21,454,685
Prior Period Adjustment	(5,528)	5,765	237
Net position - end of year	$ 20,220,587	210,815	20,431,402

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

CITY OF GAUTIER, MISSISSIPPI
RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2015

Total Proprietary Fund net position	**$20,431,402**
Differences in Interfund Balances	0
Net assets of proprietary activities on government-wide statement of net position	**$20,431,402**

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, 2015

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers	$ 5,698,676	1,268,003	6,966,679
Cash received from grants	34,825	1,250	36,075
Payments for goods and services	(4,953,503)	(982,761)	(5,936,264)
Payments to employees	(8,928)		(8,928)
Other Receipts	460,229	5,765	465,994
Net cash provided (used) in operating Activities	1,231,299	292,257	1,523,556
Cash flows from noncapital financing activities:			
Increase in customer Deposits & other activities	22,165	-	22,165
Net cash provided (used) by noncapital financing activities	22,165	-	22,165
Cash flows from capital and related financing activities:			
Transfers	(298,506)	(220,000)	(518,506)
Purchase and construction of capital assets	(2,899,263)	-	(2,899,263)
Principal paid on capital debt	(1,839,859)	-	(1,839,859)
Interest paid on capital debt	(490,657)	-	(490,657)
Net cash used in capital and related financing Activities	(5,528,285)	(220,000)	(5,748,285)
Cash flows from investing activities:			
Expenditures From Restricted Cash	3,277,363		3,277,363
Interest received	7,172	-	7,172
Net cash provided by investing activities	3,284,535	-	3,284,535
Net change in cash and cash equivalents	(990,286)	72,257	(918,029)
Cash and cash equivalents:			
Beginning of the year	1,969,208	18,358	1,987,566
End of the year	$ 978,922	90,615	1,069,537

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, 2015

	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)	$ (288,217)	266,688	(21,530)
Adjustments to reconcile operating (income) loss to net cash			
Depreciation expense	1,539,356	923	1,540,279
Increase (Decrease) in current assets:			
Accounts receivable & prepaids	167,444		167,444
Change in Interfund Balances	(18,881)	18,881	-
(Increase) Decrease in current liabilities:			
Accounts payable	(157,237)		(157,237)
Other liabilities -net	(11,166)	5,765	(5,401)
Net cash provided by (used in) operating Activities	$ 1,231,299	292,257	1,523,556

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, 2005.

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 Position, 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 position is reported in three parts: invested in capital assets, net of related debt; restricted and unrestricted net position. 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, 2015.

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, 2015, 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, 2015. At year-end, the respective bank balances totaled $ 9,602,900. There were no certificates of deposit outstanding at September 30, 2015.

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, 2015 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 2013-2014 were as follows:

	Allocation Percentage
Hancock Bank	52%
Merchant and Marine Bank	38%
Peoples Bank	10%
	100%

By using this multiple financial institution collateral pool, all of the City's deposits at September 30, 2015, 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, 2015, (including restricted deposits) were as follows:

	Bank Balances
Pooled deposits:	
Cash and cash equivalents	$ 5,678,594
Non-pooled deposits:	
Cash and cash equivalents:	
Capital Improvement Bond Fund	1,745,231
Debt Service Funds	758,354
Contingency Fund	822,451
MS Development Loans	310
Meter Deposit Fund	597,960
	$ 9,602,900

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, 2015, were as follows:

Types of Restricted Assets	Cash Including Time Deposits
Capital Improvement Bond Fund	$ 1,745,231
Meter Deposit Fund	597,960
Bond Contingency Funds	822,451
MS Development Loan	310
Bond Reserve Funds	758,354
	$ 3,924,306

C. Accounts Receivable

Accounts receivable at September 30, 2015, consisted of the following:

	Accounts Receivable	Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental activities:			
General Fund:			
Ad valorem taxes	$ 101,038	-	101,038
Municipal court	8,087,615	7,764,116	323,499
Sales tax	275,939	-	275,939
Grants	200,630	-	200,630
Total General Fund	8,665,222	7,764,116	901,106
Business-type activities:			
Enterprise Fund:			
Water and sewer collections	2,838,008	2,295,348	542,660
Total business-type activities	2,838,008	2,295,348	542,660
Total government-wide activities	$11,503,230	10,059,464	1,443,766

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, 2015, was as follows:

	Primary Government			
	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	1,798,104			1,798,104
Construction in Progress	0	463,698		463,698
Total capital assets not being depreciated	1,798,104	463,698	0	2,261,802
Capital assets being depreciated:				
Buildings & Improvements	2,874,369			2,874,369
Machinery & Equipment	7,877,467	45,363		7,922,830
Infrastructure	11,244,401	39,704		11,284,105
Total capital assets being depreciated	21,996,237	85,067	0	22,081,304
Less accumulated depreciation for:				
Buildings & improvements	(663,510)	(82,125)		(745,635)
Machinery & Equipment	(5,278,522)	(792,283)		(6,070,805)
Infrastructure	(426,341)	(225,682)		(652,023)
Total accumulated depreciation	(6,368,373)	(1,100,090)	0	(7,468,463)
Total Capital assets being depreciated, net	15,627,864	(1,015,023)	0	14,612,841
Total governmental activities capital assets, net	17,425,968	(551,325)	0	16,874,643
Business-type Activities:				
Capital Assets not being Depreciated:				
Land & Easements	1,190,870			1,190,870
Construction in Progress	3,017,060		(3,017,060)	0
Total capital assets not being depreciated	4,207,930	0	(3,017,060)	1,190,870
Capital assets being depreciated:				
Buildings & improvements	2,223,960			2,223,960
Machinery & Equipment	1,585,497			1,585,497
Infrastructure	42,147,137	5,916,324		48,063,461
Total capital assets being depreciated	45,956,594	5,916,324	0	51,872,918
Less accumulated depreciation for:				
Buildings & improvements	(550,963)	(59,427)		(610,390)
Machinery & Equipment	(1,475,082)	(198,187)	187,772	(1,485,497)
Utility System	(15,214,428)	(1,282,666)	(187,772)	(16,684,866)
Total accumulated depreciation	(17,240,473)	(1,540,280)	0	(18,780,753)
Total Capital assets being depreciated, net	28,716,121	4,376,044	0	33,092,165
Total business-type activities capital assets, net	32,924,051	4,376,044	(3,017,060)	34,283,035
Primary Government				
Total capital assets, net	50,350,019	3,824,719	(3,017,060)	51,157,678

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

A summary of major general fixed assets transactions for the year ended September 30, 2014, follows:

	Expended Through September 30, 2015	Estimated Remaining Commitment
Streetscape Phase III	$ 478,916	$ 55,084
ION-X Project	2,538,677	
Meter Replacement Project	207,484	

Depreciation expense was charged to functions/programs for the year ended September 30, 2015, as follows:

Governmental activities:	
General government	$ 1,100,090
Business-type activities:	
Water and Sewer Fund	$ 1,539,356
Solid Waste Fund	924
Total business-type activities depreciation expense	$ 1,540,280

D. 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)

E. 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, 2015, is shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 7,832,901	-	675,853	7,157,048	870,699
Compensated absences	294,259	-	6,884	287,375	50,237
Total governmental activities long-term liabilities	$ 8,127,160	-	682,737	7,444,423	920,936
Business-type activities:					
Water and sewer debt	$18,821,326		1,839,859	16,981,467	2,371,602
Compensated absences	5,638		5,638	-	-
Total business-type activities long-term liabilities	$18,826,964		1,845,497	16,981,467	2,371,602

Description of Debt

At September 30, 2015, 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	$ 1,280,000
General Obligation Bond Series 2010; Capital Improvements; Maturing August, 2030; bearing interest at 3.13%	5,690,000
HIDTA Vehicle Purchase Loan ; 2.19% matures March 2016	8,582
Police Vehicles Loan; 2.25% interest; maturing February, 2017; annual payments Of $ $ 65,715 until paid	127,072
Command Vehicle Loan; 1.760% interest; maturing July, 2018; annual payments of $ 17,450 until paid	51,394
Total general obligation bonds and notes	7,157,048
Compensated absences	287,375
Less current portion of long-term debt	(920,936)
Total governmental activities long-term debt	$ 6,523,487

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

Business-type activities:

Revenue Refunding Bond:

Series 2012 Refunding Bond, payable in semiannual installments, bearing interest at a variable rate, currently 4.25%, maturing September 2019, secured by utility system revenues	$ 5,385,000

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	937,336
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	1,241,132
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	833,460
State Revolving Fund Loan, payable in monthly installments of $3,765, beginning November, 2009; bearing interest at 1.95%, secured by utility system revenues	547,523
State Revolving Fund Loan, payable in monthly installments of $ 2,149, beginning October, 2009; bearing interest at 1.95%, secured by utility system revenues	284,307
State Revolving Fund Loan, payable in monthly installments of $ 9,665, beginning December, 2009, bearing interest at 2.75%, secured by utility system revenues	1,333,383
Total general obligation bonds and notes	10,562,141
MS Development Bank Series 2013 Bonds Maturing 2014-2033 interest 2.00 to 5.00 %	3,220,000
MDA Energy Efficient Lease Purchase ; Maturing April 4, 2029; Interest 3.29 %	3,199,326
Less current portion of long-term debt	(2,371,602)
Total business-type activities long-term debt	$14,609,865

Revenue Refunding Bond

Utility System Revenue Refunding Bonds, Series 2012, were issued for the purpose of providing for the refunding of all maturities of the outstanding Combined Utility System Revenue Bonds, Series 2001, issued originally in the principal amount of $15,680,000 (balance of $9,185,000 as of the Series 2012 Refunding issue date), and an additional $ 300,000 to provide for payment of Series 2012 issue costs, all in order to accomplish debt service savings for the City. The bond is payable solely from net revenues from water and sewer system operation.

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

The original Series 2001 bonds were 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 were outstanding, the City agreed to fix and maintain rates and collect charges for the use and services of the System, which were to be at all times be sufficient to meet specified requirements. The balance outstanding of the Series 2012 issue date as of September 30, 2015 was $ 5,385,000.

State Revolving 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, 2015, was $5,177,141.

Debt Maturity

Debt service requirements at September 30, 2015, were as follows:

	Governmental Activities		Business-type Activities	
	Notes & Capital Leases		Water and Sewer Bonds & Notes	
	Principal	Interest	Principal	Interest
2016	633,279	237,420	2,026,345	345,257
2017	646,356	219,021	2,066,878	306,835
2018	597,413	200,324	2,112,856	266,273
2019	600,000	182,618	2,169,292	224,713
2020-2024	2,180,000	671,727	4,210,014	827,180
2025-2030	2,500,000	346,650	3,543,305	467,435
2031-2033	-	-	852,776	74,543
Total	$ 7,157,048	1,857,760	16,981,466	2,512,236

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

F. Interfund Balances

Interfund balances at September 30, 2015, 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	-	-	-	(104,338)	104,338	-
Solid Waste Fund Total	-	-	-		-	-
Total	$ -	-	-	(104,338)	104,338	-

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.

G. Interfund Transfers

Transfer balances at September 30, 2015, consisted of the following:

	TRANSFERS IN (OUT):		
	Governmental Activities	Business-Type Activities	
	Other Governmental Fund	Other Business-Type Fund	Total
Governmental activities:			
General Fund	$ 518,506	-	518,506
MS Development	-	-	-
Other Governmental Funds	-	-	-
Business-type activities:			
Water and Sewer Fund	-	(298,506)	(298,506)
Solid Waste	-	(220,000)	(220,000)
Total	$ 518,506	(518,506)	-

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, 2015, the City's 2015 tax rate was as follows:

	MILLS
General Fund	26.790
Public Safety	1.800
Library Fund	1.000
Debt Service	8.110
Total	37.700

NOTE 4. OTHER NOTES (continued)

B. Pension Plan

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

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.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, local school districts, counties, and municipalities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years creditable service for employees who became members of PERS before July, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years of the number of years in age the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership of service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Contributions. PERS' members are required to contribute 9.00%, of their annual covered salary and the Jackson County Utility Authority is required to contribute at an actuarially determined rate. The current rate of 15.75% of annual covered payroll is contributed by the City. These were the rates and the end of FY 2014. 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, 2015 and 2014 were $658,899 and $658,605, respectively, representing 100% of the required contributions for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the City of Gautier had a liability of $ 10,389,650 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was .067212 percent, which was a decrease of .001472 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City of Gautier recognized the pension expense of $1,238,072.

At September 30, 2015, the City of Gautier, if reported as components of pension expense, deferred outflows of resources and deferred inflows of resources from the following sources:

CITY OF GAUTIER	Deferred Outflows Of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 176,492	$
Net difference between projected and actual earnings On pension plan investments		223,239
Changes in Assumptions	654,433	
Changes in proportion and differences between entity contributions and proportionate share of contributions		
Entity contributions subsequent to the measurement date	174,035	
Total	1,004,960	223,239

These amounts will be amortized as follows:

Year ended Jun/September 30	General Government
2016	$ 249,677
2017	249,677
2018	164,141
2019	(55,810)
Total	607,685

$ 174,035 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016.

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment Expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumption used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the pension July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Bond	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00	

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

Sensitivity of the entity's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1-percnetage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	$ 10,286,782	$ 10,389,650	$ 10,493,546

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

NOTE 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 existing contract for trash collection services was initiated on September 1, 2012 and later renewed through September 1, 2016. The City has the option to renew the contract for four additional one year terms. The contractor is paid on a per unit basis.

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 30, 2015. The majority of these projects were funded by various state and federal grants. See Note 3. C 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.

A synopsis of the Authority's financial statements as of and for the year ended September 30, 2015, a complete copy of which should be on file soon at the administrative offices of the Authority, located at 1225 Jackson Avenue, Pascagoula, Mississippi 39567, are not currently available, and therefore, have not been presented.

NOTE 4. OTHER NOTES (continued)

E. Deficit fund balances/Retained earnings

There were no funds with deficit fund balances as of September 30, 2015.

NOTE 4. OTHER NOTES (continued)

F. Settlements from prior periods:

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

	Governmental Activities	Business-type Activities	Total
Net position September 30, 2014, as originally presented	$14,061,308	21,454,686	35,515,994
Prior Period Adjustment – Net Pension Liability	(9,028,757)		(9,028,757)
Prior period adjustment – Liability Adjustment	6,780		6,780
Prior period adjustment - Reclassification		236	236
Net position, September 30, 2014, as restated	$ 5,039,331	21,454,922	26,494,253

FUND FINANCIAL STATEMENTS:

	General Fund	Water and Sewer Fund
Fund balance September 30, 2014, as originally presented	$ 4,719,057	21,454,686
Prior Period Adjustments - See Above	6,780	236
Fund balance, September 30, 2014, as restated	$ 4,725,837	$ 21,454,922

NOTE 4. OTHER NOTES (continued)

G. Subsequent events –

- Awarded a purchase of equipment for the George Mason Park Splash in the amount of $ 174,375
- Approved a contract for East Lake Boulevard (Formerly Allen Road) Improvements for $ 643,000
- Approved a reallocation of remaining Tidelands Funds Grant to a City park & Towns Common Park in the amount of $ 348,812

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAUTIER, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over /(Under)
Resources (inflows):				
Taxes	4,582,465	4,601,065	4,539,838	(61,227)
Licenses and permits	83,100	83,100	143,853	60,753
Inter-governmental revenues	2,693,900	2,693,900	2,765,418	71,518
Fines and forfeitures	770,000	772,400	712,101	(60,299)
Miscellaneous	894,206	2,243,907	2,295,884	51,977
Available for appropriations	9,023,671	10,394,372	10,457,094	62,722
Charges to appropriations (outflows):				
General Government				
Personnel services	903,577	924,478	922,421	2,057
Supplies	33,000	42,500	32,965	9,535
Other services and charges	859,650	896,450	860,750	35,700
Capital outlay	9,804	10,064	9,902	162
Public Safety				
Personnel services	4,716,515	4,873,209	4,496,243	376,966
Supplies	307,384	305,234	224,469	80,765
Other services and charges	440,246	251,193	206,095	45,098
Capital outlay	46,000	46,350	46,316	34
Public Works				
Personnel services	193,829	197,589	196,048	1,541
Supplies	68,250	67,250	61,907	5,343
Other services and charges	129,500	130,500	96,666	33,834
Capital Outlay		73,177	72,781	396
Economic Development & Planning				
Personnel services	540,023	586,503	543,630	42,873
Supplies	18,000	27,000	26,704	296
Other Services & Charges	77,260	68,340	63,468	4,872
Culture and recreation				
Personnel services				
Supplies	37,500	29,000	28,440	560
Other Services & Charges	50,700	61,200	59,803	1,397
Capital Outlay	2,900	900	594	306
Transfers	771,372	2,350,852	770,319	1,580,533
Debt Service	151,276	151,576	151,443	133
Total charges to Appropriations	9,357,086	11,093,365	8,870,964	2,222,401
Revenues less expenditures	(333,415)	(698,993)	1,586,130	2,285,123
Budgetary fund balance, October 1, 2014	$ 700,000	700,000	1,606,187	906,187
Budgetary fund balance, September 30, 2015	$ 366,585	1,007	3,192,317	3,191,310

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, 2015

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	$ 10,457,094
Differences - budget to GAAP:	
Transfers from other funds and loan proceeds are inflows for budgetary purposes but are not revenues for financial reporting purposes	(518,506)
Accrual basis revenues are not revenues for budget purposes	29,033
Special Revenue Fund revenues are included as General Fund revenues for financial reporting purposes	32,044
Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds, General Fund	$ 9,999,665

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary comparison schedule	$ 8,870,964
Differences - budget to GAAP:	
Special Revenue Fund expenditures included in the General Fund for reporting, but not for budget purposes.	569
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.	5,213
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	(770,319)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, General Fund	$ 8,106,427

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

CITY OF GAUTIER, MISSISSIPPI
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended September 30, 2015

NOTE 1: BUDGETARY DATA

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

1. The Finance office prepares estimates of available revenue.

2. Department directors submit proposed expenditure budgets to the City Manager 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 Finance 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 Finance 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.

NOTE 2: SURPLUS OF APPROPRIATIONS OVER EXPENDITURES (BUDGET)

Budgeted revenues projected were less than actual for the fiscal year ending September 30, 2015, as shown on Page 54, and through the prudence of the City Council expenditures were less than anticipated. Therefore the overall actual ending fund balance was a surplus that was much greater than was anticipated.

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF BUDGET-TO-ACTUAL RECONCILIATION
MS DEVELOPMENT BANK KATRINA LOAN FUND
For the Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over / Under
Budgetary fund balance, October 1, 2014	$ 1,410	1,410	1,410	0
Resources (inflows):				
Transfers In	278,177	278,177	278,177	0
Amounts available for Appropriations	279,587	279,587	283,471	0
Charges to appropriations (outflows):				
General Government Debt Service	279,278	279,278	279,278	0
Capital Outlay		-	-	-
Transfers Out	-	-	-	-
Total charges to Appropriations	279,278	279,278	279,278	0
Budgetary fund balance, September 30, 2015	$ 309	309	309	0

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF PENSION CONTRIBUTIONS
PERS
For the Year Ended September 30, 2015

	Government
	2015
Contractually required contribution	$ 658,899
Contributions in relation to the contractually required contribution	658,899
Contribution deficiency (excess)	$ -0-
Entity's covered-employee payroll	$ 4,183,484
Contributions as a percentage of covered-employee payroll	15.75%

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
LAST TEN FISCAL YEARS *
For the Year Ended September 30, 2015

	City 2015
Gautier's proportionate share of the net pension liability (asset)	$ 10,389,650
Gautier's proportionate share of the new pension liability (asset)	0.0167212 %
Gautier's covered employee-payroll	$ 4,183,484
Gautier's proportionate share of the net pension liability (asset) as a Percentage of its covered-employee payroll	248.483492 %
Plan fiduciary net position as a percentage of the total pension liability	61.703983 %

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However GASB 68 was implemented 06-30-2015, and, until a full 10-year trend is completed, the entity has only presented information for the years in which information is available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF SURETY BONDS OF CURRENT MUNICIPAL OFFICIALS
As of May 30, 2016

Name	Position	Amount
Gordon Gollott	Mayor	$ 100,000
Mary Martin	Councilwoman	100,000
Johnny Jones	Councilman	100,000
Hurley Ray Guillotte	Councilman	100,000
Casey Vaughan	Councilman	100,000
Charles Anderson	Councilman	100,000
Adam Colledge	Councilman	100,000
Paula Yancey	City Manager	50,000
Cindy Russell	City Clerk	50,000
Dante Elbin	Police Chief	50,000
Teresa Montgomery	Comptroller	50,000
Vacant	Purchasing Agent	50,000
Tricia Thigpen	Deputy City Clerk	50,000
Chasity Bilbo	Executive Assistant	50,000
Joan Craswell	Administrative Clerk	50,000
Rachel Honea	Recreation Coordinator	50,000
Addie Bang	Administrative Clerk	50,000
Ramona Morgan	Administrative Clerk	50,000
Lekeisha Hill	Personnel Generalist	50,000
Kim Sheppard	Accounting Specialist	50,000
Lequetta Reddix	Accounting Generalist	50,000
Donna Davis	Court Clerk	50,000
Nancy Lebhart	Deputy Court Clerk	50,000

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF SURETY BONDS OF CURRENT MUNICIPAL OFFICIALS (continued)
As of May 30, 2016

Tina Hansen	Records Clerk	50,000
Keisha Keyes	Tac Dispatcher	50,000
Daniel Selover	Police Captain	25,000
Michael Steward	Dispatcher	50,000
Cameron Thigpen	Dispatcher	50,000
Karri Dooley	Dispatcher	50,000
Ashley Kelly	Dispatcher	50,000
Don Sawyer	Dispatcher	50,000
Alex Patrick	Dispatcher	50,000
Danielle Price	Dispatcher	50,000
Timothy Werner	Dispatcher	50,000
Peyton Stokley	Park Attendant	50,000
Donnie Bennett	Park Attendant	50,000
Laquita Harris	Park Attendant	50,000
Haley Johnson	Park Attendant	50,000

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

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			
Ballistic Vest Grant	16.607	2013BUBX13068792	$ 1,382
FBI Safe Street	16.592	18PGCP540Z	14,236
HIDTA	16.592	18PGCP540Z	9,233
Department of Homeland Security			
Medical Grant	97.044	EMW-2013-FO-05516	40,212
Brownfield Assessment	66.818	BF00D25414	34,138
U.S Department of Transportation			
Passed Through State:			
DUI Enforcement Grant	20.608	15-ST-210-1	36,195
Traffic Grant	20.614	15-PT-210-1	10,790
Urban Youth Corps	20.000	STP-9999-09(032)-106638-304000	34,024
Safe Routes to School	20.200	SRSP-0494-00(010)LPA/106702-401000	12,264
Transportation Improvement Street Scape Phase III	20.205	STP-0494-00(008)LPA/106378-701000	451,434
Transportation Improvement Martin Bluff Road	20.205	STP-9194-00(001) / LPA/105069-801000	34,360
Total Expenditures of Federal Awards			**$ 678,268**

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, 2015

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 modified 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. For this Fiscal Year, amounts presented in this schedule do not differ from amounts presented in, or used in the presentation of, the basic financial statements.

A reconciliation follows:

Totals above	$ 678,268
Accrued in prior year (Included in Financial Statements)	-
Accrued at 09-30-2015 (Included in Financial Statements)	-
Amount included in Financial Statements	$ 678,268

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, 2015, was:

DWI-H280092-01-3	$ 937,336
SRF-C2808754-01-3	1,241,132
SRF-C280879-01-1	833,460
DWI-H280114-01-2	547,523
DWI-H280114-02-0	284,307
SRF-C280879-02-2	1,333,383
	$ 5,177,141

CITY OF GAUTIER, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2015

2015-001 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 fourth year in Finding 2015-001.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 436
Gautier, MS 39553

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gautier as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Gautier's basic financial statements, and have issued my report thereon dated May 30, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered City of Gautier's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Gautier's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Gautier's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. It is listed as item 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Gautier's financial statements are free from 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 no disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

City of Gautier's Response to Findings

City of Gautier's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. City of Gautier's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

DRAFT

Gautier, Mississippi
May 30, 2016

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

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 436
Gautier, MS 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

Report on Compliance for Each Major Federal Program

I have audited City of Gautier's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Gautier's major federal programs for the year ended September 30, 2015. City of Gautier's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of City of Gautier's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 require 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 City of Gautier's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of City of Gautier's compliance.

Opinion on Each Major Federal Program

In my opinion, City of Gautier complied, in all material respects, with the types of compliance 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, 2015.

Report on Internal Control Over Compliance

Management of City of Gautier is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered City of Gautier's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Gautier'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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

DRAFT

Gautier, Mississippi
May 30, 2016

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

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
P. O. Box 436
Gautier, MS 39553

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, 2015 and have issued my report dated May 30, 2016. I have 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*.

Compliance

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 taken for the Fiscal Year ending September 30, 2015 which is an improvement in the process.

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 issue regarding fixed assets. The City Clerk has been and is in the process of making great strides in resolving the problem, having taken a complete asset inventory for Fiscal 2015. Additionally, an individual with comprehensive experience in this area was retained to oversee the fixed asset inventory.

City of Gautier's Response to Findings

City of Gautier's response to the findings identified in my audit is described above. City of Gautier's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Accordingly, this report is not suitable for any other purpose.

DRAFT

Gautier, Mississippi
May 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF GAUTIER, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. In my report, my opinion on the financial statements, was qualified for incomplete 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. Major program tested:

   Transportation Improvement Program 20.205

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

2015-001

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 and her staff have been and are making great strides in resolving the problem. She has added additional staff who are specifically dedicated to this effort.

Follow-up on prior audit findings: The previous year had the same finding listed as 2014-001.

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

There were no findings related to the major federal program.

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

ORDER NUMBER 137-2016

CITY OF GAUTIER
CONDITIONAL USE-MAJOR PERMIT GPC CASE NO. 16-10-CU
NEW COVENANT OF GRACE CHURCH
REGARDING PARCEL ID NO: 82436365.000

The City of Gautier City Council, at its regular meeting held on June 21, 2016, considered the application for a Conditional Use-Major Permit for a church or place of worship as submitted by W. Calvin Hyde, representative for New Covenant of Grace Church. The parcel subject to this Permit is located at 1412 Highway 90, Gautier, Mississippi, 39553. After due public notice, the City Council, having considered the favorable recommendation by the Planning Commission, application, testimony and exhibits presented by the applicant, the report of the City Staff and all other relevant testimony, exhibits and other evidence, pursuant to applicable provisions of the City's Unified Development Ordinance, hereby approves the Conditional Use-Major Permit as follows:

1. This proposed Conditional Use-Major is consistent with the goals, objectives and policies of the City's Comprehensive Plan.

2. This proposed Conditional Use-Major is consistent with the character of the immediate vicinity of the proposed use.

3. The proposed use, classified as a church or place of worship, is permitted as a Conditional Use-Major in the C-3 District.

4. Therefore, the City Council accepts the recommendation of the Planning Commission and approves the application submitted on April 14, 2016 for a Conditional Use-Major Permit.

5. The following additional conditions will ensure that the operation of the proposed conditional use will minimize any detrimental effects on neighboring properties and shall apply to the project:

   a. The church services/events/meetings shall be limited to 50 occupants at one time.

   b. The building façade shall be repaired, painted, and maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

   c. The property shall be maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

d. A parking lot shall be incompliance with the Unified Development requirements within twelve (12) months. ~~installed that accommodates seventeen (17) parking spaces, one of which is ADA accessible or obtain a formal agreement from an adjacent property owner for use of their parking lot that contains at least 17 parking spaces. If a new parking lot is constructed, the parking lot layout and construction shall meet the requirements as set forth in Article VII of the Unified Development Ordinance~~.

e. Existing business signage which does not comply with the Unified Development Ordinance shall be removed.

f. Within 60 months of issuance of the Major Conditional Use Permit, the owner or applicant shall install one tree every 30' along the south, east, and west property lines up to the front face of the building. Trees to be a minimum of 6' in height at the time of planting or within 60 months (whichever is later).

g. Noise levels shall meet the City's noise ordinance. (See Exhibit E.)

h. The location shall meet all accessibility requirements for change of occupancy as stated in Section 3409 of the International Building Code. (See Exhibit F.)

6. The City Clerk shall have this permit recorded in the public records of Jackson County and provide the applicant a copy of the permit with the recording information affixed.

7. The Gautier Planning Commission recommended approval of this Conditional Use-Major Permit on June 2, 2016.

8. The City Council adopted this Conditional Use-Major Permit on a recorded vote of **7** ayes to **0** nays to approve the application of New Covenant of Grace Church, located at 1412 Highway 90, in Gautier, Mississippi, and identified as Jackson County Parcel No. 82436365.000.

Motion made by **Councilman Vaughan,** seconded by **Councilman Colledge** and the following vote was recorded:

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

NAYS: **None**

June 21, 2016
Date of Issuance

Attest:

_____
Cynthia Russell
City Clerk

_____
Gordon Gollott, Mayor
City of Gautier, Mississippi
3330 Highway 90
Gautier, MS 39553

CITY OF GAUTIER
MEMORANDUM

To: Paula Yancey, Interim City Manager

From: Chandra Nicholson, Economic Development & Planning Director

Date: June 9, 2016

Subject: Conditional Use-Major Permit for New Covenant of Grace Church at 1412 Highway 90 (GPC Case No. 16-10-CU)

REQUEST:

The Economic Development and Planning Department has received a request from Lester Hughes, II, owner of Faith Worship & Outreach, Inc., for a Conditional Use-Major Permit that would allow a Church or Place of Worship in a C-3 Highway Commercial zoning district at 1412 Highway 90, PID #81831520.000. The application fee of $250 was paid on April 20, 2015. All public notice requirements have been met.

DISCUSSION:

Staff has attached a Staff Report with detailed project analysis. The Planning Commission held a public hearing on June 2, 2016 to consider the request and found that the proposed church will be compatible and harmonious with the C-3 district with certain conditions. The GPC recommends the approval of the Conditional Use-Major Permit with the following Conditions:

1. The church services/events/meetings shall be limited to 50 occupants at one time.

2. The building façade shall be repaired, painted, and maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

3. The property shall be maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

4. A parking lot shall be installed that accommodates seventeen (17) parking spaces, one of which is ADA accessible or obtain a formal agreement from an adjacent property owner for use of their parking lot that contains at least 17 parking spaces. If a new parking lot is constructed, the parking lot layout and construction shall meet the requirements as set forth in Article VII of the Unified Development Ordinance.

5. Existing business signage which does not comply with the Unified Development Ordinance shall be removed.

6. Within 60 months of issuance of the Major Conditional Use Permit, the owner or applicant shall install one tree every 30' along the south, east, and west property lines up to the front face of the building. Trees to be a minimum of 6' in height at the time of planting or within 60 months (whichever is later).

7. Noise levels shall meet the City's noise ordinance. (See Exhibit E.)

8. The location shall meet all accessibility requirements for change of occupancy as stated in Section 3409 of the International Building Code. (See Exhibit F.)

RECOMMENDATION:

The Gautier Planning Commission and Staff recommend approval of the proposed Conditional Use-Major Permit with the conditions listed above.

The City Council may:

1. Approve the Conditional Use-Major Permit with the Conditions listed above; or

2. Approve the Conditional Use-Major Permit with changes; or

3. Deny the Conditional Use-Major Permit.

ATTACHMENTS:

1. Draft Conditional Use-Major Permit

2. GPC Minute Excerpt

3. GPC Staff Report with Back Up

CITY OF GAUTIER
CONDITIONAL USE-MAJOR PERMIT
GPC CASE NO. 16-10-CU

NEW COVENANT OF GRACE CHURCH

REGARDING PARCEL ID NO: 82436365.000

The City of Gautier City Council, at its regular meeting held on June 21, 2016, considered the application for a Conditional Use-Major Permit for a church or place of worship as submitted by W. Calvin Hyde, representative for New Covenant of Grace Church. The parcel subject to this Permit is located at 1412 Highway 90, Gautier, Mississippi, 39553. After due public notice, the City Council, having considered the favorable recommendation by the Planning Commission, application, testimony and exhibits presented by the applicant, the report of the City Staff and all other relevant testimony, exhibits and other evidence, pursuant to applicable provisions of the City's Unified Development Ordinance, hereby approves the Conditional Use-Major Permit as follows:

1. This proposed Conditional Use-Major is consistent with the goals, objectives and policies of the City's Comprehensive Plan.

2. This proposed Conditional Use-Major is consistent with the character of the immediate vicinity of the proposed use.

3. The proposed use, classified as a church or place of worship, is permitted as a Conditional Use-Major in the C-3 District.

4. Therefore, the City Council accepts the recommendation of the Planning Commission and approves the application submitted on April 14, 2016 for a Conditional Use-Major Permit.

5. The following additional conditions will ensure that the operation of the proposed conditional use will minimize any detrimental effects on neighboring properties and shall apply to the project:

   a. The church services/events/meetings shall be limited to 50 occupants at one time.

   b. The building façade shall be repaired, painted, and maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

   c. The property shall be maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

d. A parking lot shall be installed that accommodates seventeen (17) parking spaces, one of which is ADA accessible or obtain a formal agreement from an adjacent property owner for use of their parking lot that contains at least 17 parking spaces. If a new parking lot is constructed, the parking lot layout and construction shall meet the requirements as set forth in Article VII of the Unified Development Ordinance.

e. Existing business signage which does not comply with the Unified Development Ordinance shall be removed.

f. Within 60 months of issuance of the Major Conditional Use Permit, the owner or applicant shall install one tree every 30' along the south, east, and west property lines up to the front face of the building. Trees to be a minimum of 6' in height at the time of planting or within 60 months (whichever is later).

g. Noise levels shall meet the City's noise ordinance. (See Exhibit E.)

h. The location shall meet all accessibility requirements for change of occupancy as stated in Section 3409 of the International Building Code. (See Exhibit F.)

6. The City Clerk shall have this permit recorded in the public records of Jackson County and provide the applicant a copy of the permit with the recording information affixed.

7. The Gautier Planning Commission recommended approval of this Conditional Use-Major Permit on June 2, 2016.

8. The City Council adopted this Conditional Use-Major Permit on a recorded vote of _____ ayes to _____ nays to approve the application of New Covenant of Grace Church, located at 1412 Highway 90, in Gautier, Mississippi, and identified as Jackson County Parcel No. 82436365.000.

June 21, 2016
Date of Issuance

_____
Gordon Gollott, Mayor
City of Gautier, Mississippi
3330 Highway 90
Gautier, MS 39553

Attest:

_____
Cindy Russell
City Clerk

Excerpt from June 2, 2016 Gautier Planning Commission Meeting

REQUEST:

NEW COVENANT OF GRACE CHURCH – 1412 HIGHWAY 90- REQUET FOR A CONDITIONAL USE-MAJOR THAT WOULD ALLOW A CHURCH OR PLACE OF WORSHIP IN A C-3 HIGHWAY COMMERCIAL ZONING DISTRICT. (GPC CASE #16-10-CU)

RECOMMENDATION:

Commissioner Torjusen made the motion to recommend that City Council approve the Conditional Use-Major as presented with changes to staff recommended Condition No. 4. **Commissioner Jamison** seconded the motion and the following vote was recorded:

AYES:	**Sandra Walters** **Kay C. Jamison** **J.J. Fletcher** **Anthony York** **Phil Torjusen**
NAYS:	**None**
Absent:	**Larry Dailey** **Jimmy Green**

Motion passed.

Staff finds that the proposed use may be compatible and harmonious with the Neighborhood Commercial District and recommends approval with the following conditions (including changes made by the Planning Commission to Item No. 4):

1. The church services/events/meetings shall be limited to 50 occupants at one time.
2. The building façade shall be repaired, painted, and maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.
3. The property shall be maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.
4. A parking lot shall be installed that accommodates seventeen (17) parking spaces, one of which is ADA accessible <u>or obtain a formal agreement from an adjacent property owner for use of their parking lot that contains at least 17 parking spaces</u>. <u>If a new parking lot is constructed,</u> the parking lot layout and construction shall meet the requirements as set forth in Article VII of the Unified Development Ordinance.
5. Existing business signage which does not comply with the Unified Development Ordinance shall be removed.

6. Within 60 months of issuance of the Major Conditional Use Permit, the owner or applicant shall install one tree every 30’ along the south, east, and west property lines up to the front face of the building. Trees to be a minimum of 6’ in height at the time of planting or within 60 months (whichever is later).

7. Noise levels shall meet the City’s noise ordinance.

8. The location shall meet all accessibility requirements for change of occupancy as stated in Section 3409 of the International Building Code.

Gautier Planning Commission

Regular Meeting Agenda

June 02, 2016

GPC #16-10-CU

New Covenant of Grace Church

1412 HIGHWAY 90 CONDITIONAL USE

VII. NEW BUSINESS

A. QUASI-JUDICIAL

1. NEW COVENANT OF GRACE CHURCH – 1412 HIGHWAY 90 - REQUEST FOR A CONDITIONAL USE-MAJOR THAT WOULD ALLOW A CHURCH OR PLACE OF WORSHIP IN A C-3 HIGHWAY COMMERCIAL ZONING DISTRICT. (GPC CASE #16-10-CU)

QUASI-JUDICIAL PROCEDURES

1. Announcement of Matter. Read the matter title to be considered.

2. Swear the Witnesses. All witnesses, parties, citizen participants and City Staff who plan to speak at the hearing shall collectively be sworn at the beginning of the hearing by the City Attorney

3. Ex Parte Disclosure. All members must disclose on the record any ex parte communications, to include any physical inspections of the subject property. The disclosure should include with whom any communication has taken place, a summary of the substance of the communication, and the date of the site visit, if any. If anyone has received written communications, the writing must be presented, read into record or a copy provided to all participants, and made a part of the official record.

4. Applicant Presentation.

5. Questions directed to Applicant. The applicant should answer any questions by the public, the Planning Commission, or others.

6. Staff Presentation. This includes presentation of the staff report into the official record.

7. Objections from Applicant. Confirm whether there are objections from the applicant regarding the staff report or development order.

8. Questions directed to Staff. The staff answers any questions by the public, the Planning Commission, or others.

9. Public Comments. Members of the public should be allowed to make comments regarding the application.

10. Applicant rebuttal/final comments

11. Staff rebuttal/final comments

12. Call for final questions.

13. Close public portion of the hearing.

14. Motion & Deliberation. Planning Commission makes a motion, and debates and deliberates regarding the application and development order.

15. Vote.

16. Close the quasi-judicial proceeding.

CITY OF GAUTIER
STAFF REPORT

To: Chairman and Members, Planning Commission

From: Chandra Nicholson, Director of Economic Development & Planning

Date: May 25, 2016

Subject: Conditional Use-Major Permit for New Covenant of Grace Church at 1412 Highway 90 (GPC Case No. 16-10-CU)

REQUEST:

The Economic Development and Planning Department has received a request from W. Calvin Hyde representative of New Covenant of Grace Church, for a Conditional Use-Major Permit that would allow a Church or Place of Worship in a C-3 Highway Commercial Zoning District at 11412 Highway 90, PID #82436365.000. The application fee of $250 was paid on April 14, 2016. All public notice requirements have been met.

BACKGROUND:

The request property is zoned C-3 Highway Commercial.

1. Location: 1412 Highway 90 (See Exhibit A)
   Principal Arterial: Highway 90

2. General features of the proposed project:
   Total Building Area: 1500 square feet
   Site Size: 1.32 Acres
   Year Building Constructed: 1981

3. Potable Water and Wastewater Services: Existing from City

4. The building is existing and was previously used as a church. The last known use of the property was a church. The building was built prior to 2010 when the UDO became effective. The building has been vacant for more than sixty (60) days, so the "grand-fathered" status has expired.

5. Current Zoning (See Exhibit B): C-3 Highway Commercial

6. Current Surrounding Zoning (See Exhibit B): C-3 Highway Commercial/R-3 Mobile Home/C-2 Community Commercial to the South; C-3 Highway

Commercial to the West and North; and C-3 Highway Commercial/R-1 Low Density Residential to the East.

7. Current Surrounding Existing Land Use (See Exhibit C): Commercial-Retail to the North; Commercial Retail/Vacant to the East; Commercial Retail/ Office/ Mobile Home Park to the South; and Office/Vacant to the West.

8. Comprehensive Plan Future Land Use Designation (See Exhibit D): High Impact Commercial

DISCUSSION:

The following addresses the review criteria for a Major Conditional Use outlined in Section 4.17.5 of the UDO.

1. Is the proposed use listed in the list of possible Conditional Uses in the particular Zoning District?

   Applicant: Yes. It has been used for a church in the past.

   Staff Finding: Yes. A Church or Place of Worship is listed as a Conditional Use-Major in a C-3 zoning district.

2. Describe how the project is compatible with the character of development in the vicinity relative to (a) density, bulk and intensity of structures, (b) parking, and (c) other uses. Please attach parking plan, site plan, architectural rendering or other plans.

   Applicant Response: Yes. The building has been used as a church building in the past. The only relating compatibility with the two adjoining properties is there is no high volume of traffic consistently. The current building design coincides with the other properties since it once housed a printing business. The church in and of itself will not have an adverse effect on the environment.

   Staff Finding: The proposed use will be located in an existing building and will not further impact the density, bulk and intensity of the structures in the vicinity. Table No. 9 of the UDO establishes minimum parking spaces required for churches as 1 for each 45 sf of GFA of the sanctuary, auditorium, or main place of worship (or 1 per 3 seats). Based on the proposed number of 50 seats the proposed use will need 17 parking spaces, with 1of those being an ADA accessible space.

3. Will your project negatively affect neighboring property values or pose a real or perceived threat to citizens? Explain.

Applicant Response: No. It has been used for a church in the past.

Staff Finding: There is no evidence to indicate the proposed use will negatively affect the property values, or cause a detriment to the surrounding properties. There is one establishment close to the proposed church location which sells alcohol, but is approximately 300' away, which is greater than the 100' minimum distance required in commercial districts.

4. Will your project adversely affect vehicular or pedestrian traffic in the vicinity? Explain.

   Applicant Response: No. Building is located on a service road.

   Staff Finding: There is no evidence that the proposed church will have any adverse affect on vehicular or pedestrian traffic.

5. Can the proposed use be accommodated by existing or proposed public services and facilities including, but not limited to, water, sanitary sewer, streets, drainage, police and fire protection, and schools?

   Applicant Response: Yes.

   Staff Finding: The proposed use can be accommodated by existing public services and facilities.

6. Is the proposed use in harmony with the Comprehensive Plan? Explain how.

   Applicant: Yes. It has been used as a church before. The proposed use is as stated in the Conditional Use Narrative. There is no Comprehensive Plan for expansion of building by New Covenant of Grace Church.

   Staff Response: The Comprehensive Plan states that churches may be permitted as a conditional use in a highway commercial district with conditions imposed to ensure that the use is compatible with its surroundings.

7. Does the proposed use pose a hazardous, detrimental, or disturbing affect, either real or perceived, to present surrounding land uses due to noises, glare, smoke, dust, odor, fumes, water pollution, vibration, electrical interference, or other nuisances? Explain.

   Applicant Response: No. It will be a gathering of people to worship.

Staff Finding: There is no evidence that the proposed use poses a hazardous, detrimental or disturbing affect to present surrounding uses.

8. Does the use conform to all district regulations for the applicable district in which it is located, or have other provisions been provided for? Explain.

   Applicant Response: The use has been conformed to all district regulations in the past. To the best of my knowledge, no! This is the reason for filing the CONDITIONAL USE APPLICATION. Because a church has to have special approval to meet at site location.

   Staff Finding: The proposed use can be made to conform to district regulations with certain conditions.

DETERMINATION OF APPLICABLE LAW:

1. The UDO defines conditional uses as specific uses which are enumerated in each zoning district and which because of their nature are not allowed by right but may be allowed after the required review process. The City may specify certain conditions as necessary to make the use compatible with other uses in the same district. Conditional uses are issued for uses of land and uses designated "Conditional Uses-Major" are transferable from one (1) owner of land to another.

   The UDO further defines Conditional Uses-Major as uses that are not allowed by right but require a recommendation by the Planning Commission and the approval of the City Council. Additionally, if the conditional use is transferred to a new owner, the new owner must submit a letter to the Economic Development Director agreeing to the current terms and conditions before a business license may be issued.
2. Conditional Uses-Major requires a public hearing before the Planning Commission and approval by the City Council (Section 4.14 of the UDO).

RECOMMENDATION:

Staff finds that the proposed use may be compatible and harmonious with the Neighborhood Commercial District and recommends approval with the following conditions:

1. The church services/events/meetings shall be limited to 50 occupants at one time.

2. The building façade shall be repaired, painted, and maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

3. The property shall be maintained to meet the minimum Property Maintenance and Care section of the Unified Development Ordinance.

4. A parking lot shall be installed that accommodates seventeen (17) parking spaces, one of which is ADA accessible. The parking lot layout and construction shall meet the requirements as set forth in Article VII of the Unified Development Ordinance.

5. Existing business signage which does not comply with the Unified Development Ordinance shall be removed.

6. Within 60 months of issuance of the Major Conditional Use Permit, the owner or applicant shall install one tree every 30' along the south, east, and west property lines up to the front face of the building. Trees to be a minimum of 6' in height at the time of planting or within 60 months (whichever is later).

7. Noise levels shall meet the City's noise ordinance. (See Exhibit E.)

8. The location shall meet all accessibility requirements for change of occupancy as stated in Section 3409 of the International Building Code. (See Exhibit F.)

CONCLUSION:

The Planning Commission may:

1. Recommend that City Council approve the Conditional Use-Major with the Conditions listed; or
2. Recommend that City Council approve the Conditional Use-Major with changes; or
3. Recommend that City Council deny the Conditional Use-Major.

ATTACHMENTS:

1. Draft Conditional Use-Major Permit
2. Applicant's Exhibit 1 – Application
3. City's Exhibit A – Location Map
4. City's Exhibit B – Existing Zoning Map
5. City's Exhibit C – Existing Land Use Map
6. City's Exhibit D – Future Land Use Map
7. City's Exhibit E – Section 15-5 City of Gautier's Code of Ordinances (Noise Ord.)
8. City's Exhibit F – Section 3409 of the International Building Code (Accessibility)