

CITY OF GAUTIER, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2024

CITY OF GAUTIER, MISSISSIPPI
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For the Year Ended September 30, 2024

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INTRODUCTORY SECTION

ELECTED OFFICIALS
As of September 30, 2024



Casey Vaughan
Mayor



Adam Colledge
Councilman At-Large



Cameron B. George
Councilman, Ward 1



Richard "DJ" Jackson
Councilman, Ward 2



Gordon Gollott
Councilman, Ward 3



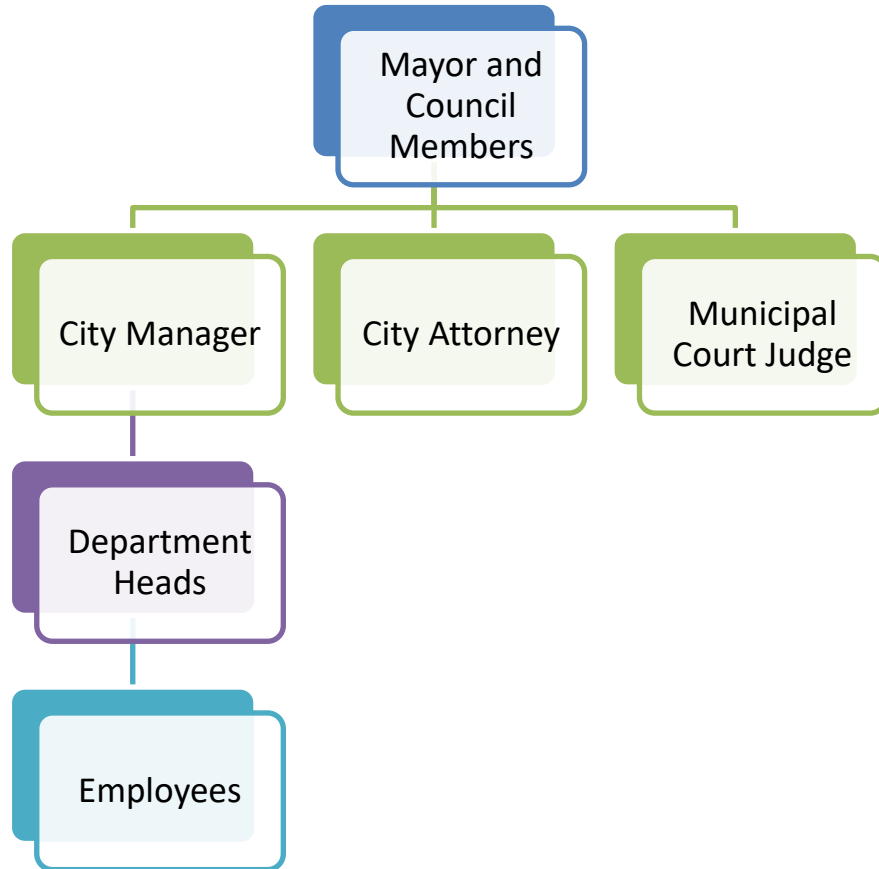
Charles "Rusty" Anderson
Councilman, Ward 4



Dante Elbin
Councilman, Ward 5



ORGANIZATION CHART
As of September 30, 2024



FINANCIAL SECTION

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1929)

Certified Public Accountants

MICHAEL E. GUEL, CPA, CVA, PFS, CFP, CFE
SANDE W. HENTGES, CPA, CFE

CHARLENE KERKOW, CPA

HANCOCK BANK BUILDING

2510 - 14TH STREET

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GULFPORT, MISSISSIPPI 39502

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MISSISSIPPI SOCIETY OF CPAS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gautier, Mississippi, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibility for Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of changes in the City's net pension and related ratios schedule and notes to the pension schedules be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gautier, Mississippi's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

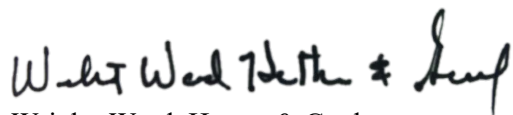
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025, on our consideration of the City of Gautier, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, Mississippi's internal control over financial reporting and compliance.

Other Reporting Required by State of Mississippi

In accordance with the State of Mississippi, we have also issued our report dated September 16, 2025, on our consideration of compliance with Mississippi state laws and regulations. The purpose of that report is to describe the scope of our testing with compliance of certain state laws and regulations and the result of that testing, and not to provide an opinion on compliance with certain state laws and regulations. The report is an integral part of an audit performed in accordance with state guidelines in considering the City of Gautier Mississippi's compliance with certain state laws and regulations.



Wright, Ward, Hatten & Guel
Gulfport, Mississippi
September 16, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Gautier, Mississippi's (the City) Annual Financial Report presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal year ended September 30, 2024 and 2023. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow.

City of Gautier is located on the Mississippi Gulf Coast. According to the United States Census Bureau, the estimated population of City of Gautier as of July 1, 2023, is 19,024. The median household income is \$62,480 with over 86.8% of persons 25 years or older holding a high school degree or higher.

Government-wide Financial Highlights

- Total net position increased \$3,587,529 or 4% from 2023. This increase is primarily due to an increase in federal grant revenues in 2024.
- General revenues amounted to \$10,439,959 or 35% of total revenues. This amount decreased \$18,469 from 2023. Program revenues amounted to \$19,447,587 or 65% of total revenues, which decreased \$2,475,838 from 2023. This decrease was mostly due to federal revenues received for capital projects.
- Capital assets, net of accumulated depreciation and amortization, increased by \$8,385,962 in the governmental activities and increased \$6,292,753 in the business-type activities during 2024. The increase in governmental capital assets is primarily a result of additional grant driven capital projects. The increase in business-type activities is primarily a result of additional projects reduced by annual depreciation.
- Long-term debt decreased by \$366,403 in the governmental activities primarily due to principal payments and refunding of bonds. This amount included a new debt issuance of \$425,000 and \$24,128 decrease in compensated absences which represents amounts that would be due to an employee from the City upon termination of employment. Long-term debt increased by \$46,478 in the business-type activities which includes an increase of \$3,261 in compensated absences and a debt issuance of \$1,380,000. The City's total debt outstanding at September 30, 2024 is \$22,404,753 which includes the liability for compensated absences of \$469,715. The net pension liability as of September 30, 2024 was \$20,089,958.

Fund Highlights

- *General Fund* – This fund is used for the general operations of the City. The General Fund had \$10,913,818 in revenues, which shows an increase of \$490,468 from 2023 and \$12,113,622 in expenditures, a increase of \$2,096,708 from 2023, in the current year. The General Fund's fund balance increased \$77,176 in 2024.

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Gautier as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

Table 1 provides a summary of the City's net position for 2024 compared to 2023.

TABLE 1						
Condensed Statement of Net Position						
September 30, 2024 and 2023						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 17,927,238	16,101,795	3,182,726	4,474,729	21,109,964	20,576,524
Non-current assets	59,336,541	56,686,510	54,834,158	51,820,262	114,170,699	108,506,772
Total Assets	<u>77,263,779</u>	<u>72,788,305</u>	<u>58,016,884</u>	<u>56,294,991</u>	<u>135,280,663</u>	<u>129,083,296</u>
Deferred Outflows	<u>2,819,756</u>	<u>4,246,210</u>	<u>179,982</u>	<u>271,035</u>	<u>2,999,738</u>	<u>4,517,245</u>
Liabilities						
Current liabilities	2,512,869	2,259,827	2,403,728	1,864,561	4,916,597	4,124,388
Non-current liabilities	26,303,326	26,457,496	14,598,618	14,889,262	40,901,944	41,346,758
Total Liabilities	<u>28,816,195</u>	<u>28,717,323</u>	<u>17,002,346</u>	<u>16,753,823</u>	<u>45,818,541</u>	<u>45,471,146</u>
Deferred Inflows	<u>6,228,384</u>	<u>5,499,797</u>	<u>18,118</u>	<u>1,769</u>	<u>6,246,502</u>	<u>5,501,566</u>
Net Position						
Investment in capital assets, net of related debt	48,602,510	47,101,939	38,071,463	35,004,588	86,673,973	82,106,527
Restricted net assets	7,707,976	676,227	375,119	1,473,872	8,083,095	2,150,099
Unrestricted	(11,271,530)	(4,960,771)	2,729,820	3,331,974	(8,541,710)	(1,628,797)
Total Net Position	<u>\$ 45,038,956</u>	<u>42,817,395</u>	<u>41,176,402</u>	<u>39,810,434</u>	<u>86,215,358</u>	<u>82,627,829</u>

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Statement of Net Position and the Statement of Activities (Continued)

Governmental Activities

Total net position increased \$2,221,561 as a result primarily due to an increase in grant revenues received for capital projects.

Unrestricted cash decreased in 2024 from \$8,622,528 as reported in 2023 to \$6,898,628. In addition, restricted cash decreased \$5,735,931 in 2024 from \$14,738,490 as reported in 2023 to \$9,002,559. The decrease in restricted cash is primarily due to use on specific purposes such as capital projects.

Business-type activities

Net position for the business-type activities was \$41,176,402 an increase of \$1,365,968, primarily due to an increase of \$2,135,584 in charges for services in the water and sewer fund.

Table 2 provides a summary of the City's changes in net position for 2024 compared to 2023.

TABLE 2						
Condensed Statement of Activities						
September 30, 2024 and 2023						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues	\$ 6,800,022	8,461,571	12,647,565	13,461,854	19,447,587	21,923,425
General revenues	9,884,789	10,008,687	555,170	449,741	10,439,959	10,458,428
Total revenues	<u>16,684,811</u>	<u>18,470,258</u>	<u>13,202,735</u>	<u>13,911,595</u>	<u>29,887,546</u>	<u>32,381,853</u>
Expenses:						
General government	3,404,185	3,558,090	-	-	3,404,185	3,558,090
Public safety	8,784,522	8,612,247	-	-	8,784,522	8,612,247
Public works	1,263,297	1,069,766	-	-	1,263,297	1,069,766
Culture and recreation	2,184,606	1,394,861	-	-	2,184,606	1,394,861
Interest on long-term debt	226,640	238,236	-	-	226,640	238,236
Water and sewer	-	-	9,159,371	8,960,151	9,159,371	8,960,151
Solid waste	-	-	1,277,396	1,178,403	1,277,396	1,178,403
Total expenses	<u>15,863,250</u>	<u>14,873,200</u>	<u>10,436,767</u>	<u>10,138,554</u>	<u>26,300,017</u>	<u>25,011,754</u>
Transfers	<u>1,400,000</u>	<u>1,080,000</u>	<u>(1,400,000)</u>	<u>(1,080,000)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in net assets	2,221,561	4,677,058	1,365,968	2,693,041	3,587,529	7,370,099
Net Position - beginning, as restated	42,817,395	38,140,337	39,810,434	37,117,393	82,627,829	75,257,730
Net Position - ending	<u>\$ 45,038,956</u>	<u>42,817,395</u>	<u>41,176,402</u>	<u>39,810,434</u>	<u>86,215,358</u>	<u>82,627,829</u>

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Gautier, the City's major fund is the General fund.

Governmental Funds

The City's governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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 you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The City's proprietary funds focus on business-type activities conducted by the City. These funds are reported using the accrual method of account, which uses an "economic resources" measurement focus. Under the accrual basis of accounting revenues are recognized in the period in which they are earned regardless of when cash flows occur. Expenses are recorded when the recognized service is performed or the goods are received regardless of when the invoice is paid. Proprietary Fund information helps you to determine whether business-type activities are self-maintaining or if they are being subsidized by general government revenues. The proprietary funds show operating revenues and expenses that support the primary operations of the fund.

Fiduciary Funds

Fiduciary Funds show amounts held by the City for the benefit of others and clearing accounts used by the city to track payroll expenditures and property tax receipts and disbursements. The City does not report any fiduciary funds.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable and nonspendable resources. Such information may be useful in assessing the City's financing requirements. These funds are accounted for by using the modified accrual basis of accounting. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

General Fund

The City's General Fund is the main operating fund and accounts for the sources and uses that make up the City's administrative, public safety, general public works and cultural and recreation services provided by the City to and for the general public. The unassigned fund balance of the general fund may serve as a useful measure of a government's net resources available for discretionary use at the end of the fiscal year.

Table 3 provides a condensed summary of the City's changes in general fund sources and uses in 2024 compared to 2023.

TABLE 3
Condensed Sources, Uses and Changes in Fund Balance - General Fund
For the year ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
Sources:				
<i>Revenues:</i>				
Property taxes	5,869,592	5,781,688	87,904	2%
General Sales taxes	2,836,380	2,937,103	(100,723)	-3%
Franchise fees	83,491	104,103	(20,612)	-20%
Licenses and permit fees	181,616	154,868	26,748	17%
Intergovernmental	1,455,244	995,857	459,387	46%
Charges for services	83,591	51,214	32,377	63%
Fines and forfeitures	306,004	329,234	(23,230)	-7%
Investment earnings	62,642	33,677	28,965	86%
Miscellaneous	35,258	35,609	(351)	-1%
<i>Other Sources:</i>				
Proceeds from loans	-	226,330	(226,330)	-100%
Sale of capital assets	52,640	88,943	(36,303)	-41%
Insurance proceeds	51,782	75,170	(23,388)	-31%
Transfers in	1,987,554	1,080,000	907,554	84%
Total sources	<u>13,005,794</u>	<u>11,893,796</u>	<u>1,111,998</u>	9%
Uses:				
<i>Expenditures:</i>				
Personnel services	8,750,323	7,021,460	1,728,863	25%
Supplies	119,621	574,869	(455,248)	-79%
Contractual	2,504,783	2,031,712	473,071	23%
Capital outlay	515,283	226,330	288,953	128%
Debt service	223,612	162,546	61,066	38%
<i>Other Uses:</i>				
Transfers out	814,996	801,068	13,928	2%
Total uses	<u>12,928,618</u>	<u>10,817,985</u>	<u>2,110,633</u>	20%
Change in Fund Balance	77,176	1,075,811	(998,635)	-93%
Beginning Fund Balance	<u>6,249,441</u>	<u>5,173,630</u>		
Ending Fund Balance	<u><u>6,326,617</u></u>	<u><u>6,249,441</u></u>		

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

BUDGET HIGHLIGHTS

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. Governmental auditing standard require that cities present budgetary comparison schedules as required supplementary information to the financial statements. The most significant budgeted fund is the General Fund.

During the course of 2024, the City amended its general fund budget. All recommendations for a budget change come from the City Clerk to the Board of Alderman for approval. State law does not allow budget changes that modify functional levels of budget amounts within a department without board approval. With the General Fund supporting many of our major activities, such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

CAPITAL ASSETS

Table 4 shows the Changes in Capital Assets for the years ended September 30, 2024 and 2023.

TABLE 4
Schedule of Capital Assets (Net of Accumulated Depreciation)
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 11,742,761	11,742,761	1,237,833	1,218,870	12,980,594	12,961,631
Construction in progress	6,338,161	9,566,430	10,981,503	4,873,113	17,319,664	14,439,543
Buildings & improvements	2,210,125	2,273,071	-	-	2,210,125	2,273,071
Infrastructure	27,875,527	16,890,249	38,787,703	39,685,718	66,663,230	56,575,967
Machinery & equipment	2,167,408	1,475,509	1,234,254	170,839	3,401,662	1,646,348
Total	<u>\$ 50,333,982</u>	<u>41,948,020</u>	<u>52,241,293</u>	<u>45,948,540</u>	<u>102,575,275</u>	<u>87,896,560</u>

The primary increase in capital assets occurred due to completion of capital projects.

GENERAL LONG-TERM DEBT

At September 30, 2024, the City had \$22,404,753 outstanding debt obligations, which included \$469,715 of compensated absences payable.

TABLE 5
Schedule of Long-term Debt
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 2,521,000	2,940,000	-	-	2,521,000	2,940,000
Special Limited Obligation Bonds	3,780,000	3,940,000	-	-	3,780,000	3,940,000
Revenue Refunding Bonds	-	-	10,295,000	10,904,000	10,295,000	10,904,000
Special Obligation Bonds	-	-	-	-	-	-
Capital Improvement Loans	895,673	960,565	-	-	895,673	960,565
Revolving Loans	-	-	1,186,535	1,672,399	1,186,535	1,672,399
Equipment Installment Loans	630,645	325,788	2,572,595	1,434,514	3,203,240	1,760,302
Add: Bond Premium	53,590	56,830	-	-	53,590	56,830
Compensated Absences	446,129	470,257	23,586	20,325	469,715	490,582
Total	<u>\$ 8,327,037</u>	<u>8,693,440</u>	<u>14,077,716</u>	<u>14,031,238</u>	<u>22,404,753</u>	<u>22,724,678</u>

CITY OF GAUTIER, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2024

GENERAL LONG-TERM DEBT (Continued)

The compensated absences liability identified above refers to the current balance of what has been earned as a termination benefit that will be paid over-time as people leave or retire. This liability refers to vacation pay for employees of the city. See Note 1 for more details.

ECONOMIC CONDITIONS AND OUTLOOK

The City has acquired the Singing River Mall property and is continuing to convert the property into usable space for economic development. Town Commons Park phase I, including an outdoor amphitheater space has been completed and the venue (The Sound) has hosted 10 concerts this past year and the Inclusion playground has been completed. In addition, multiple infrastructure improvements are in planning and underway for the next few fiscal years. Many of these improvements are being funded through federal and state grants received. Personnel costs continue to rise due to the cost of living increasing and the City trying to be more competitive to keep and attain talented and qualified employees. Although there is slow growth in property tax revenues the City has ample room for expansion of new residential and businesses and predicts an uptake in growth in the next few years. Sales tax revenues rose this year, and further increases are expected due to the economic impact of The Sound.

CONTACT THE CITY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional financial information may be addressed to:

Paula Yancy, City Manager
City of Gautier, Mississippi
3330 Highway 90
Gautier, MS 39553
(228) 497-8000

FINANCIAL STATEMENTS

City of Gautier, Mississippi

Statement of Net Position

September 30, 2024

	Governmental	Business-Type	Total
ASSETS			
Current Assets			
Cash	\$ 6,898,628	4,226,003	11,124,631
Receivables	8,108,147	1,751,580	9,859,727
Interfund balance	2,794,857	(2,794,857)	-
Prepaid	125,606	-	125,606
Total Current Assets	17,927,238	3,182,726	21,109,964
Noncurrent Assets			
Restricted and noncurrent cash	9,002,559	2,592,865	11,595,424
Capital assets			
Land and construction in progress	18,080,922	12,219,336	30,300,258
Other capital assets (net of accumulated depreciation)	32,253,060	40,021,957	72,275,017
Total Noncurrent Assets	59,336,541	54,834,158	114,170,699
Total Assets	77,263,779	58,016,884	135,280,663
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	2,819,756	179,982	2,999,738
Total Deferred Outflow of Resources	2,819,756	179,982	2,999,738
LIABILITIES			
Current Liabilities:			
Claims and wages payable	1,397,341	420,154	1,817,495
Accrued interest payable	30,859	111,638	142,497
Retainage payable	176,397	255,022	431,419
Capital debt			
Bonds payable	588,000	626,000	1,214,000
Notes payable	66,404	457,904	524,308
Equipment installment loans	232,207	525,997	758,204
Non-capital debt			
Compensated absences payable	21,661	7,013	28,674
Total Current Liabilities	2,512,869	2,403,728	4,916,597
Noncurrent Liabilities:			
Capital debt:			
Bonds payable	5,766,590	9,669,000	15,435,590
Notes payable	829,269	728,631	1,557,900
Equipment installment loans	398,438	2,046,598	2,445,036
Non-capital debt			
Compensated absences payable	424,468	16,573	441,041
Customer deposits	-	932,419	932,419
Net pension liability	18,884,561	1,205,397	20,089,958
Total Noncurrent Liabilities	26,303,326	14,598,618	40,901,944
Total Liabilities	28,816,195	17,002,346	45,818,541
DEFERRED INFLOW OF RESOURCES			
Property tax for future reporting period	5,944,531	-	5,944,531
Deferred amount on pension	283,853	18,118	301,971
Total Deferred Inflows of Resources	6,228,384	18,118	6,246,502
NET POSITION			
Net investment in capital assets	48,602,510	38,071,463	86,673,973
Restricted Net Position:			
Restricted for debt service	985,040	375,119	1,360,159
Restricted for unemployment compensation	4,872	-	4,872
Restricted for grant purposes	6,718,064	-	6,718,064
Unrestricted	(11,271,530)	2,729,820	(8,541,710)
Total Net Position	\$ 45,038,956	41,176,402	86,215,358

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

City of Gautier, Mississippi
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:					\$		
General government	\$ 3,404,185	181,616	29,552	-	(3,193,017)		(3,193,017)
Public safety	8,784,522	346,468	198,472	696,991	(7,542,591)		(7,542,591)
Public works	1,263,297	-	-	4,225,611	2,962,314		2,962,314
Culture, recreation and community services	2,184,606	587,111	250,000	284,201	(1,063,294)		(1,063,294)
Interest on long-term debt	226,640	-	-	-	(226,640)		(226,640)
Total governmental activities	<u>15,863,250</u>	<u>1,115,195</u>	<u>478,024</u>	<u>5,206,803</u>	<u>(9,063,228)</u>		<u>(9,063,228)</u>
Business-type activities:							
Water and sewer	9,159,371	10,654,020	-	354,217		1,848,866	1,848,866
Solid waste	1,277,396	1,639,328	-	-		361,932	361,932
Total business-type activities	<u>10,436,767</u>	<u>12,293,348</u>	<u>-</u>	<u>354,217</u>		<u>2,210,798</u>	<u>2,210,798</u>
Total government	<u>\$ 26,300,017</u>	<u>13,408,543</u>	<u>478,024</u>	<u>5,561,020</u>		<u>2,210,798</u>	<u>(6,852,430)</u>
General Revenues:							
Taxes:							
Property taxes, general					4,417,970	-	4,417,970
Property taxes, debt service					1,036,871	-	1,036,871
Property taxes, community support					126,184	-	126,184
Property taxes, in lieu					414,751	-	414,751
General sales and use taxes					2,836,380	-	2,836,380
Road and bridge privilege taxes					551,940	-	551,940
Franchise taxes					83,491	-	83,491
Grants and contributions not restricted to a special purpose					164,439	-	164,439
Unrestricted investment earnings					113,084	56,886	169,970
Miscellaneous					139,679	498,284	637,963
Total general revenues					<u>9,884,789</u>	<u>555,170</u>	<u>10,439,959</u>
Transfers					1,400,000	(1,400,000)	-
Total general revenues and transfers					<u>11,284,789</u>	<u>(844,830)</u>	<u>10,439,959</u>
Changes in net position					2,221,561	1,365,968	3,587,529
Net position - beginning					42,817,395	39,810,434	82,627,829
Net position - ending					<u>\$ 45,038,956</u>	<u>41,176,402</u>	<u>86,215,358</u>

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

City of Gautier, Mississippi
Balance Sheet – Governmental Funds
September 30, 2024

	Major Funds					
	Town Commons					Total Governmental Funds
	General Fund	ARPA Fund	Park Project Fund	Retail Dev Complex Fund	Other Governmental Funds	
ASSETS						
Cash	\$ 6,085,585	1,334,136	6,043	4,377,704	3,362,589	15,166,057
Receivables:						
Property tax	5,882,459	-	-	-	140,101	6,022,560
Sales tax	405,991	-	-	-	-	405,991
Franchise taxes	142,299	-	-	-	-	142,299
Intergovernmental	32,811	480,039	-	-	192,584	705,434
Court fines & fees	803,299	-	-	-	-	803,299
Due from other funds	298,517	2,483,800	-	-	56,650	2,838,967
Total Assets	<u>13,650,961</u>	<u>4,297,975</u>	<u>6,043</u>	<u>4,377,704</u>	<u>3,751,924</u>	<u>26,084,607</u>
LIABILITIES						
Claims payable	191,870	378,514	3,400	-	165,775	739,559
Wages payable	478,779	6,936	-	-	-	485,715
Retainage payable	-	115,674	-	-	60,723	176,397
Due to other funds	44,110	-	-	-	-	44,110
Total Liabilities	<u>714,759</u>	<u>501,124</u>	<u>3,400</u>	<u>-</u>	<u>226,498</u>	<u>1,445,781</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes-future reporting period	5,806,286	-	-	-	138,245	5,944,531
Unavailable revenue-fines	803,299	-	-	-	-	803,299
Total Deferred Inflows of Resources	<u>6,609,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,245</u>	<u>6,747,830</u>
FUND BALANCES						
Restricted:						
Grant/bond purposes	-	-	2,643	4,377,703	2,337,718	6,718,064
Unemployment compensation	4,872	-	-	-	-	4,872
Debt service	-	-	-	-	985,040	985,040
Committed:						
Community support	-	-	-	-	1,856	1,856
Assigned:						
Emergency travel fund	1,147	-	-	-	-	1,147
Unassigned	6,320,598	3,796,851	-	-	62,567	10,180,016
Total Fund Balances	<u>6,326,617</u>	<u>3,796,851</u>	<u>2,643</u>	<u>4,377,703</u>	<u>3,387,181</u>	<u>17,890,995</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,650,961</u>	<u>4,297,975</u>	<u>6,043</u>	<u>4,377,703</u>	<u>3,751,924</u>	<u>26,084,606</u>

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

City of Gautier, Mississippi
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2024

Total governmental funds balance		\$ 17,890,995
Amounts reported for governmental activities in the statement of net position 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	\$ 58,220,316	
Less: accumulated depreciation	<u>(7,886,334)</u>	50,333,982
Long-term liabilities are not due and payable in the current period expenditures and therefore are not reported in the governmental funds.		
Bonds payable (including premium)	\$ (6,354,590)	
Notes payable	(895,673)	
Equipment installment loans payable	(630,645)	
Compensated absences	<u>(446,129)</u>	(8,327,037)
Other long term assets are not available to pay or current period expenditures and therefore are deferred in the funds.		
Court fines receivable	<u>\$ 803,299</u>	803,299
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(18,884,561)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 2,819,756	
Deferred inflows of resources related to pensions	<u>(283,853)</u>	2,535,903
Internal Service Funds are used by management to charge the costs of various internal operations to individual funds. The assets and liabilities of Internal Service Funds are included in governmental activities in the Statement of Net Position as follows:		
Current assets	\$ 889,300	
Estimated claims payable	<u>(172,066)</u>	717,234
Accrued interest not due and payable in the current period expenditures and, therefore, not reported in the funds.		
		<u>(30,859)</u>
Net position of governmental activities		<u><u>\$ 45,038,956</u></u>

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

City of Gautier, Mississippi
Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Funds
For the Fiscal Year Ended September 30, 2024

	Major Funds					
	Town Common: Town Center					
	General	ARPA	Park	Retail Dev	Other	Total
	Fund	Fund	Project	Complex	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
Revenues						
Property taxes	\$5,869,592	-	-	-	126,184	5,995,776
General sales and use taxes	2,836,380	-	-	-	1,195,544	4,031,924
Franchise fees	83,491	-	-	-	-	83,491
Licenses and permit fees	181,616	-	-	-	-	181,616
Intergovernmental	1,455,244	1,576,151	210,000	-	1,866,463	5,107,858
Charges for services	83,591	-	-	-	403,623	487,214
Fines and forfeitures	306,004	-	-	-	-	306,004
Investment earnings	62,642	-	5,523	26,264	15,957	110,386
Miscellaneous	35,258	-	-	-	214,750	250,008
Total Revenues	10,913,818	1,576,151	215,523	26,264	3,822,521	16,554,277
Expenditures						
General government	2,913,458	-	-	-	-	2,913,458
Public safety	6,860,686	6,936	-	-	88,731	6,956,353
Public works	841,989	-	-	-	24,391	866,380
Culture & recreation	758,594	-	53,388	-	787,801	1,599,783
Capital outlay	515,283	-	5,193,006	124,275	3,916,302	9,748,866
Debt service:						
Principal	185,035	-	-	-	579,000	764,035
Interest and bond issue costs	38,577	-	-	-	192,131	230,708
Total Expenditures	12,113,622	6,936	5,246,394	124,275	5,588,356	23,079,583
Excess (Deficiency) of Revenues						
Over Expenditures	(1,199,804)	1,569,215	(5,030,871)	(98,011)	(1,765,835)	(6,525,306)
Other Financing Sources (Uses)						
Lease proceeds	-	-	-	-	425,000	425,000
Sale of capital assets	52,640	-	-	-	-	52,640
Insurance proceeds	51,782	-	-	-	-	51,782
Transfers in	1,987,554	-	2,833	-	814,996	2,805,383
Transfers out	(814,996)	-	-	-	(590,387)	(1,405,383)
Total Other Financing Sources						
(Uses)	1,276,980	-	2,833	-	649,609	1,929,422
Net changes in fund balances	77,176	1,569,215	(5,028,038)	(98,011)	(1,116,226)	(4,595,884)
Fund balances - beginning	6,249,441	2,227,636	5,030,681	4,475,714	4,503,407	22,486,879
Fund balances - ending	6,326,617	3,796,851	2,643	4,377,703	3,387,181	17,890,995

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

City of Gautier, Mississippi
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities
For the Fiscal Year Ended September 30, 2024

Net Change in Fund Balances - total governmental funds **\$ (4,595,884)**

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.

Capital outlay	\$ 9,748,866	
Depreciation	<u>(1,276,815)</u>	8,472,051

In the Statement of Activities, only gains and losses from the sale/disposal of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$86,089. (86,089)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces

Proceeds from equipment installment loans		(425,000)
Debt retirement		764,035

Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting. 23,414

Pension expense and other related activity do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Changes to proportionate share of pension expense and deferrals	(1,987,663)
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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 governmental funds.

Accrued interest payable	828
Amortization of bond premium	3,240
Compensated absences	24,128

Internal service funds are used by management to charge the cost of certain activities, such as insurance costs and risk management, to individual funds.	<u>28,501</u>
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Change in net position of governmental activities **\$ 2,221,561**

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

City of Gautier, Mississippi

Statement of Net Position

Proprietary Funds

September 30, 2024

	Business-type Activities			Governmental Activities
	Water and Sewer Funds Combined	Solid Waste Fund	Total	Self Insurance Fund
ASSETS				
Current Assets				
Cash	\$ 4,114,984	111,019	4,226,003	735,130
Receivables:				
Customer accounts, net	1,360,985	281,115	1,642,100	-
Other receivables	109,480	-	109,480	28,564
Due from other funds	-	143,934	143,934	-
Prepaid insurance	-	-	-	125,606
Total Current Assets	<u>5,585,449</u>	<u>536,068</u>	<u>6,121,517</u>	<u>889,300</u>
Noncurrent Assets				
Restricted and noncurrent cash	2,592,865	-	2,592,865	-
Capital assets				
Land and construction in progress	12,219,336	-	12,219,336	-
Other capital assets, net	40,018,263	3,694	40,021,957	-
Total Noncurrent Assets	<u>54,830,464</u>	<u>3,694</u>	<u>54,834,158</u>	<u>-</u>
Total Assets	<u>60,415,913</u>	<u>539,762</u>	<u>60,955,675</u>	<u>889,300</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	179,982	-	179,982	-
Total Deferred Inflows of Resources	<u>179,982</u>	<u>-</u>	<u>179,982</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Claims and wages payable	420,154	-	420,154	172,066
Accrued interest	111,638	-	111,638	-
Retainage payable	255,022	-	255,022	-
Due to other funds	2,938,791	-	2,938,791	-
Capital debt:				
Bonds payable	626,000	-	626,000	-
Notes payable	457,904	-	457,904	-
Equipment installment loans payable	525,997	-	525,997	-
Non-capital debt:				
Compensated absences payable	7,013	-	7,013	-
Total Current Liabilities	<u>5,342,519</u>	<u>-</u>	<u>5,342,519</u>	<u>172,066</u>
Noncurrent Liabilities				
Capital debt:				
Bonds payable	9,669,000	-	9,669,000	-
Notes payable	728,631	-	728,631	-
Equipment installment loans payable	2,046,598	-	2,046,598	-
Non-capital debt:				
Compensated absences payable	16,573	-	16,573	-
Customer deposits	932,419	-	932,419	-
Net pension liability	1,205,397	-	1,205,397	-
Total Noncurrent Liabilities	<u>14,598,618</u>	<u>-</u>	<u>14,598,618</u>	<u>-</u>
Total Liabilities	<u>19,941,137</u>	<u>-</u>	<u>19,941,137</u>	<u>172,066</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	18,118	-	18,118	-
Total Deferred Inflows of Resources	<u>18,118</u>	<u>-</u>	<u>18,118</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	38,067,769	3,694	38,071,463	-
Restricted Net Position:				
Restricted for debt service	375,119	-	375,119	-
Unrestricted	2,193,752	536,068	2,729,820	717,234
Total Net Position	<u>\$ 40,636,640</u>	<u>539,762</u>	<u>41,176,402</u>	<u>717,234</u>

The notes to these 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 Fiscal Year Ended September 30, 2024

	Business-type Activities			Governmental Activities
	Water and Sewer Funds Combined	Solid Waste Fund	Total Business-type Activities	Self Insurance Fund
Operating revenues				
Charges for services	\$ 10,654,020	1,639,328	12,293,348	-
Employee contributions	-	-	-	1,703,416
Insurance claim reimbursements	-	-	-	100,838
Miscellaneous operating revenues	498,284	-	498,284	-
Total operating revenues	11,152,304	1,639,328	12,791,632	1,804,254
Operating Expenses:				
Personnel services	690,929	-	690,929	-
Wastewater treatment	2,680,872	-	2,680,872	-
Privatization costs	2,458,163	-	2,458,163	-
Waste collection and disposal	-	1,277,396	1,277,396	-
Supplies	291,678	-	291,678	-
Maintenance and repairs	286,726	-	286,726	-
Other contractual services and charges	887,229	-	887,229	552,989
Claims and estimate changes	-	-	-	1,225,462
Depreciation and amortization	1,467,856	-	1,467,856	-
Total operating expenses	8,763,453	1,277,396	10,040,849	1,778,451
Operating income (loss)	2,388,851	361,932	2,750,783	25,803
Non-operating Revenues (Expenses)				
Interest and investment revenue	47,904	-	47,904	2,698
Insurance proceeds	8,982	-	8,982	-
Interest expense and bond issue costs	(395,918)	-	(395,918)	-
Grant revenue	354,217	-	354,217	-
Transfers out	(1,100,000)	(300,000)	(1,400,000)	-
Total non-operating Revenues (Expenses)	(1,084,815)	(300,000)	(1,384,815)	2,698
Change in net position	1,304,036	61,932	1,365,968	28,501
Net position - beginning	39,332,604	477,830	39,810,434	688,733
Net position - ending	\$ 40,636,640	539,762	41,176,402	717,234

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

City of Gautier, Mississippi
Statement Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Business-type Activities			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Total Business-type Activities	Self Insurance Fund
Cash Flows From Operating Activities				
Cash received from customers	\$ 10,413,820	1,572,434	11,986,254	-
Cash received for premiums	-	-	-	1,712,189
Other operating receipts	498,284	-	498,284	73,462
Cash paid to employees	(560,570)	-	(560,570)	-
Cash paid to suppliers	(291,678)	-	(291,678)	-
Cash paid to contractors	(6,166,176)	(1,277,396)	(7,443,572)	-
Cash paid for judgements and claims	-	-	-	(1,161,773)
Cash paid for administrative services	-	-	-	(552,989)
Net cash provided by (used in) operating activities	3,893,680	295,038	4,188,718	70,889
Cash Flows From Non-Capital Financing Activities				
Grant revenues	969,407	-	969,407	-
Insurance proceeds	8,982	-	8,982	-
Advances from (to) other funds	1,412,346	(294,610)	1,117,736	-
Net cash flows provided by (used in) non-capital financing activities	2,390,735	(294,610)	2,096,125	-
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(7,766,305)	-	(7,766,305)	-
Net gain on disposal of capital assets	5,696	-	5,696	-
Repayment of debt	(1,336,783)	-	-	-
Proceeds from issuance of debt	1,380,000	-	1,380,000	-
Interest and amortization on debt	(398,220)	-	(398,220)	-
Net cash provided by (used in) capital and related financing activities	(8,115,612)	-	(6,778,829)	-
Cash Flows From Investing Activities				
Interest received	47,904	-	47,904	2,698
Net cash flows provided by (used in) investing activities	47,904	-	47,904	2,698
Net increase (decrease) in cash	(1,783,293)	428	(1,782,865)	73,587
Cash - October 1	8,491,142	110,591	8,601,733	661,543
Cash - September 30	\$ 6,707,849	111,019	6,818,868	735,130

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

City of Gautier, Mississippi
Statement Cash Flows
Proprietary Funds (Continued)
September 30, 2024

	Business-type Activities			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Total Business-type Activities	Self Insurance Fund
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used In) Operating Activities:				
Operating income (loss)	\$ 2,388,851	361,932	2,750,783	25,803
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,467,856	-	1,467,856	-
(Increase) decrease in assets:				
Accounts receivable	(278,037)	(66,894)	(344,931)	(27,376)
Prepaid premiums	-	-	-	8,773
Customer deposits	37,837	-	37,837	-
Increase (decrease) in liabilities:				
Claims and wages payable	(25,259)	-	(25,259)	63,689
Retainage payable	172,297	-	172,297	-
Compensated absences	3,261	-	3,261	-
Pension liabilities and deferrals	126,874	-	126,874	-
Net cash provided by (used in) operating activities	\$ 3,893,680	295,038	4,188,718	70,889

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

NOTES TO THE FINANCIAL STATEMENTS

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies

The City of Gautier, Mississippi, (the "City") was incorporated June 17, 1986 under the laws of the State of Mississippi. The City operates under a Council-Manager form of government, which provides for an elected mayor and a six-member council. The following services are authorized by the City's charter: Public Safety (Police, Fire, Civil Defense and Protection Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Culture, Recreation and Community Services, Public Improvements, Planning and Zoning, and General Administrative Services. The accounting and reporting policies of the City relating to the funds and accounts groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

A. Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As defined by accounting principles generally accepted in the United States of America, the City is considered a "primary government." The City is governed by a six member council in which five members were elected by the citizens of each defined ward and one member elected at-large.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in Accounting Principles Generally Accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity. Based upon the application of these criteria, the City has no component units.

Jackson County Utility Authority

This potential component unit was established by State Code and its governing board is appointed jointly by the area governments' governing bodies. This is an independent unit that selects management staff, sets user charges, establishes budgets and controls all aspects of its daily activities. The City has determined it to be a joint venture of the participating agencies. See Note 14 for details.

B. Basis of Presentation.

The City's basic financial statement consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the City as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues, not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The City's proprietary funds apply all applicable GASB pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of the proprietary funds are classified as operating and non-operating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. All other revenue and expenses are reported as non-operating.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Funds:

General Fund – This is the City’s primary operating fund. It is used to account for all activities of the general government for which a separate fund has not been established.

ARPA Fund – This fund has been established to account for the American Rescue Protection Act funds used for various capital projects by the City.

Town Commons Park Project Fund – This fund has been established to account for the development of the Town Commons Park with an amphitheater.

Town Center Retail Development Complex Fund – This fund has been established to account for the development of the Town Center Retail Complex.

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

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

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other assets.

PROPRIETARY FUNDS

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

It is the intent of the City Council that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and that periodic determination of revenues earned, expenses incurred, and net income be identified for capital maintenance, public policy, management control, account ability, or other purposes.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City's internal service funds report on self-insurance for employee medical benefits and risk management for City's legal contingencies.

D. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any City, municipality or City of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City had an investment that included governmental bonds during the fiscal year.

E. Receivables

All trade receivables are shown net of an allowance for uncollectibles. Miss. Code Ann. (1972) does not allow for write-off of debt owed to municipalities. The amount represented on the financial statements is conclusive of all bad debts owed by customers of the water and sewer department since the City started providing these services to citizens. The allowances are based on trade receivables in excess of 120 days outstanding.

F. Inter-Fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

H. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first. Restricted Assets in the Governmental Activities represent the amounts for cash in accordance with GASB No. 62 which requires cash amounts designated for disbursement in the acquisition or construction of non-current assets designated as non-current.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

I. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allowed governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. The City meets these criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. However, as of September 30, 2024, the City has not systematically reported capital assets in accordance with generally accepted accounting principles.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the City's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds, estimated useful lives and salvage value percentage of cost:

	Capitalization Threshold	Estimated Useful Life	Salvage Value (% of Cost)
Land	\$ -	N/A	N/A
Buildings	50,000	40 years	20%
Improvements/Infrastructure	25,000	20 years	20%
Machinery & equipment	5,000	5-10 years	10%
Property under capital leases	*	*	*

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources expenditure until then.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

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

Deferred amounts on pensions – Deferred outflows and inflows of resources should be reported when to show the City's proportionate share of amounts of the effects of actuarial differences and changes in assumptions to economic or demographic factors and differences between actual and projected earnings of multi-employer pension plan. In addition, a deferred inflow should be reported for employer contributions to the pension plan made subsequent to the measurement date.

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

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

K. Pensions

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

L. Leases

Lessee

Capital Assets and Right to Use Lease Assets Capital assets and right to use lease assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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. The City did not have any Right to Use Assets during the current fiscal year.

Lessor

The City is a lessor for leases of land, mainly consisting of cell tower leases. The City recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The City recognizes lease receivables with an initial, individual value of \$10,000 or more. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

L. Leases (continued)

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how the City determines: the discount rate it uses to discount the expected lease payments to present value, lease term, and the lease payments.

The City uses the interest rate as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable. Deferred inflows of lease receipts are reported with other deferred inflows related to pension and lease receivables are reported with current assets on the Statement of Net Position. As of fiscal year ended September 30, 2024, the City had no significant leasing arrangements.

M. Subscription-Based Information Technology Arrangements.

The Governmental Accounts Standards Board (GASB) issued Statement No.96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023. For the year ended September 30, 2024, the city did not have any material SBITAs to report.

N. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and the Proprietary Fund financial information, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business activities Statement of Net Position.

O. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured.

An employee may accumulate unused vacation leave hours without limitation, however, cash payments upon employee termination or retirement are limited to a maximum of 240 hours of accumulated leave of pay. Employees have no claim for accumulated sick leave at termination, for retirement, lay-off, or cause.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

O. Compensated Absences (Continued)

As such, no provision for unused sick leave has been provided in the financial statements. Unused vacation and sick leave balances may be credited to the Public Employee's Retirement System (PERS) as time worked.

P. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. The following are descriptions of fund classifications used by the City:

Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is an order of the City Council as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as non-spendable and is neither restricted nor committed. Assignments of fund balance are created by management pursuant to authorization established by the Board of Alderman.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

R. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

S. Property Tax Revenues

Numerous statutes exist under which the City Council may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City Council, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

U. Reporting Changes and New Accounting Pronouncements for Future Implementation

Reporting Changes

GASB 100, Accounting Changes and Error Corrections, was implemented during the 2024 fiscal year. This Statement is an amendment of GASB Statement 62, Codification of Accounting and Financial Reporting Guidance. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

Note 2 – Cash

A summary of cash (including restricted cash) at September 30, 2024 is as follows:

	Pooled Cash Deposits	Cash Deposits	Cash Held by Fiscal Agent	Cash on Hand	Total
Governmental Activities					
General Fund	\$ 5,577,780	\$ 506,255	\$ -	\$ 1,550	\$ 6,085,585
ARPA Fund	1,334,136	-	-	-	1,334,136
Town Commons Park Project Fund	-	6,043	-	-	6,043
Town Commons Retail Dev Complex	-	4,377,704	-	-	4,377,704
Other Nonmajor Governmental Funds	2,277,712	1,084,651	176	50	3,362,589
Total governmental funds	9,189,628	5,974,653	176	1,600	15,166,057
Self Insurance Fund	-	660,677	74,453	-	735,130
Total governmental activities	9,189,628	6,635,330	74,629	1,600	15,901,187
Business-type Activities					
Water and Sewer Funds	3,958,296	2,748,956	-	600	6,707,852
Solid Waste Fund	111,019	-	-	-	111,019
Total business-type activities	4,069,315	2,748,956	-	600	6,818,871
Total cash and cash equivalents	\$ 13,258,943	9,384,286	74,629	2,200	22,720,058

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City.

Under this program, the collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Municipalities select depositories on the basis of competitive bid as allowed by Mississippi statutes.

The carrying amount of cash was \$22,720,058 with city's total deposits with financial institutions at September 30, 2024. The bank balance was \$24,571,394. The amount of \$74,453 is held with a third-party servicer that handles the city's employee benefit fund and cash on hand totaled \$2,200.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 2 – Cash (continued)

GASB requires that assets not readily available for use and assets that have outside restrictions on their use be presented in the noncurrent assets section of the Statement of Net Position. The City had the following restrictions and noncurrent classifications of cash as of September 30, 2024:

Governmental Activities

Cash

Restricted for specific purpose	\$ 8,970,237
Restricted for unemployment compensation	4,872
Restricted for debt service	20,863
Restricted for community support	6,587
Total governmental activities	<u>9,002,559</u>

Business-type Activities

Cash

Noncurrent cash for customer deposits	974,126
Restricted for specific purpose	159,852
Restricted for debt service	1,458,887
Total business-type activities	<u>2,592,865</u>

Total restricted and noncurrent cash - government-wide	<u><u>\$ 11,595,424</u></u>
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Note 3 – Receivables

A. Governmental Activities

Receivables in the governmental activities at September 30, 2024, consisted of the following:

Taxes receivable:	
Property taxes	
Current	\$ 78,029
For future reporting period	5,944,531
Total property taxes receivable	<u>6,022,560</u>
Intergovernmental receivable:	
Sales taxes	405,991
Franchise taxes	142,299
County road taxes	19,572
State and federal grants	685,862
Total intergovernmental	<u>1,253,724</u>
Court fines receivable	16,065,988
Less: allowance for credit losses	<u>(15,262,689)</u>
Total court fines receivable, net	<u>803,299</u>
Self Insurance Fund	
Insurance rebates receivable	28,564
Total receivable - governmental activities	<u><u>\$ 8,108,147</u></u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 3 – Receivables (Continued)

B. Business-type Activities

Receivable in the business-type activities at September 30, 2024, consisted of the following:

Intergovernmental receivable:	
Federal and state grants	109,480
Total intergovernmental	<u>109,480</u>
Customer accounts receivable:	
Customer utility charges (billed)	3,654,695
Customer accounts, earned but unbilled	823,389
Less: allowance for credit losses	<u>(2,835,984)</u>
Total customer accounts receivable, net	<u>1,642,100</u>
Total receivable - business-type activities	<u>\$ 1,751,580</u>

All trade receivables are shown net of an allowance for credit losses. At September 30, 2024, the allowance for credit losses was \$2,835,984. Of that total, \$2,672,327 has been provided in the Water and Sewer Enterprise Fund and \$163,657 has been provided in the Solid Waste Enterprise Fund.

Note 4 – Interfund Transactions and Balances

Government-wide Financial Statements

A. Internal Balances

At September 30, 2024, the City had the following transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	<u>\$ 1,400,000</u>

These amounts represent monies transferred from the governmental-type activities to the business-type activities for construction of water wells.

Fund Financial Statements

A. Due From/To Other Funds:

During the course of the year, certain expenditures were paid on a reimbursement basis requiring the City to borrow monies from other funds.

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 298,517
ARPA Fund	Water & Sewer Fund	2,483,800
Nonmajor Funds	General Fund	44,110
Nonmajor Funds	Water & Sewer Fund	12,540
Solid Waste Fund	Water & Sewer Fund	143,934
		<u>\$ 2,982,901</u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 4 – Interfund Transactions and Balances (Continued)

B. Transfers In/Out:

Transfers were made in the course of the year for loans to various funds. Other transfers were made to reimburse the various funds for expenditures made on the behalf of other fund purposes.

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	\$ 1,100,000
General Fund	Solid Waste Fund	300,000
General Fund	Non-major Funds	587,554
Non-Major Funds	General Fund	814,996
Town Center Complex Fund	Non-major Funds	2,833
		<u>\$ 2,805,383</u>

Note 5 – Capital assets

A. Governmental Activities

The following is a summary of governmental capital assets activity for the year ended September 30, 2024:

	Balance 10/1/2023	Additions	Adjustments/ Sales	Balance 9/30/2024
Capital assets not being depreciated/amortized:				
Land	\$ 11,742,761	-	-	11,742,761
Construction in Progress	9,566,430	8,516,367	(11,744,636)	6,338,161
Total	<u>21,309,191</u>	<u>8,516,367</u>	<u>(11,744,636)</u>	<u>18,080,922</u>
Capital assets being depreciated/amortized:				
Buildings & Improvements	3,147,307	-	-	3,147,307
Infrastructure	20,889,598	-	11,744,636	32,634,234
Machinery & Equipment	3,664,893	1,232,499	(539,539)	4,357,853
Total	<u>27,701,798</u>	<u>1,232,499</u>	<u>11,205,097</u>	<u>40,139,394</u>
Less accumulated depreciation/amortization for:				
Buildings & Improvements	874,236	62,946	-	937,182
Infrastructure	3,999,349	756,614	2,744	4,758,707
Machinery & Equipment	2,189,384	457,255	(456,194)	2,190,445
Total accumulated depreciation/amortization	<u>7,062,969</u>	<u>1,276,815</u>	<u>(453,450)</u>	<u>7,886,334</u>
Net Capital assets being depreciated/amortized	<u>20,638,829</u>	<u>(44,316)</u>	<u>11,658,547</u>	<u>32,253,060</u>
Total governmental activities capital assets, net	<u>\$ 41,948,020</u>	<u>8,472,051</u>	<u>(86,089)</u>	<u>50,333,982</u>

Depreciation and amortization expense was charged to the following governmental functions:

General Government	\$ 71,410
Public Safety	417,544
Public Works	338,061
Culture & Recreation	449,800
	<u>\$ 1,276,815</u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 5 – Capital assets (continued)

B. Business-type Activities

The following is a summary of business-type capital assets for the year ended September 30, 2024:

	Balance 10/1/2023	Additions	Adjustments/ Sales	Balance 9/30/2024
Capital assets not being depreciated/amortized:				
Land	\$ 1,218,870	18,963	-	1,237,833
Construction in Progress	4,873,113	6,557,739	(449,349)	10,981,503
Total	6,091,983	6,576,702	(449,349)	12,219,336
Capital assets being depreciated/amortized:				
Infrastructure	57,463,300	-	449,349	57,912,649
Machinery & Equipment	1,452,241	1,189,603	(221,435)	2,420,409
Total	58,915,541	1,189,603	227,914	60,333,058
Less accumulated depreciation/amortization for:				
Infrastructure	17,777,582	1,347,364	-	19,124,946
Machinery & Equipment	1,281,402	120,492	(215,739)	1,186,155
Total accumulated depreciation/amortization	19,058,984	1,467,856	(215,739)	20,311,101
Net capital assets being depreciated/amortized	39,856,557	(278,253)	443,653	40,021,957
Total business-type activities capital assets, net	\$ 45,948,540	6,298,449	(5,696)	52,241,293

Depreciation and amortization expense of \$1,467,856 was charged to the water sewer fund.

C. Construction Commitments

Remaining construction commitments for the City is composed of the following:

Project	Money Spent to Date	Remaining Commitment
Governmental activities:		
Martin Bluff Widening	\$ 2,831,067	\$ 5,597,535
Shephard State Park Expansion	60,480	1,428,152
Town Commons Park - Phase 2	346,150	2,439,533
Town Commons Park - Amphitheatre	3,227,706	1,603,352
Total governmental activities	6,465,403	11,068,572
Business-type activities		
Water Supply and Treatment Plant	4,246,240	3,837,486
MCWI Lift Station Upgrades	43,295	3,222,085
MCWI Water and Sewer Improvements	63,500	1,156,167
MCWI Sanitary Sewer Main Rehabilitation	191,814	270,000
Water and Sewer Improvements	328,215	579,902
Total business-type activities	4,873,064	9,065,640
Total government-wide	\$ 11,338,467	20,134,212

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 6 – Court Fines Receivable/Deferred Inflows of Resources

Court fines receivables are recorded as deferred inflow of sources in the fund financial statements due to the funds using modified accrual basis. However, revenues received during the year are recorded in the government-wide financial statements on the full-accrual basis of accounting. Miss. Code Ann. (1972) does not allow for write-off of debt owed to municipalities. The amount represented on the financial statements is conclusive of all bad debts owed by citizens to the municipal courts since the City started providing court services. Court fines receivable at September 30, 2024, were \$16,065,988, of which an allowance of \$15,262,689 has been determined as uncollectible with \$803,299 deemed collectible.

Note 7 – Claims and Judgments

Risk Financing

The City finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool.

The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The City is exposed to risk of loss relating to employee health, accident and dental coverage. Pursuant to Section 25-15-101, Miss. Code Ann. (1972), the City established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each employee pays a portion of his/her premium through a payroll deduction. The City pays the remaining portion of the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The City has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The City has implemented the following plans to minimize this potential loss:

The City has purchased coinsurance which functions on specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$75,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2024, the amount of this liability was \$172,066.

	<u>Amount</u>
Liability at beginning of year	\$ 108,377
Claims and changes of estimates	1,840,915
Claims payments	<u>(1,777,226)</u>
Liability at end of year	<u><u>\$ 172,066</u></u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 8 – Retirement Plans

A. Defined Benefit Pension Plan

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit 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.

Plan Description and Provisions

Substantially all of the City's full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee 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, and teachers and employees of the public cities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions

PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2024, was 17.9% of annual covered payroll. This rate increased as of July 1, 2024 from 17.40%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 8 – Retirement Plans (continued)

A. Defined Benefit Pension Plan (Continued)

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

At September 30, 2024, the City reported a liability of \$18,884,561 in the governmental activities and \$1,205,397 in the business-type activities for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, 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 PERS net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2024, the City's proportion was .077%. For the year ended September 30, 2024, the City recognized additional PERS pension expense for governmental activities of \$1,987,663 and for the business-type activities of \$126,874 from the City's proportionate share of pension expense. The total pension expense for governmental activities was \$3,046,388 and for the business-type activities was \$194,452.

At September 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Governmental Activities	Business-Type Activities	Total
Differences between expected and actual experience	\$ 1,016,064	64,855	1,080,919
Changes of assumptions	1,169,707	74,662	1,244,369
Net difference between projected and actual earnings on pension plan investments	62,581	3,993	66,574
Changes in proportion and differences between City contributions and proportionate share on contributions	311,381	19,875	331,256
City's contributions subsequent to the measurement date	260,023	16,597	276,620
Total deferred outflows related to pensions	<u>\$ 2,819,756</u>	<u>179,982</u>	<u>2,999,738</u>

At September 30, 2024, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources		
	Governmental Activities	Business-Type Activities	Total
Changes in proportion and differences between City contributions and proportionate share on contributions	\$ 283,853	18,118	301,971
Total	<u>\$ 283,853</u>	<u>\$ 18,118</u>	<u>\$ 301,971</u>

Within the deferred outflows, a net amount of \$276,620 of deferred outflows of resources is related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ended September 30, 2024.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 8 – Retirement Plans (continued)

A. Defined Benefit Pension Plan (Continued)

Other deferred pension amounts, netting to \$2,421,147 will be recognized in pension expense as follows:

Year Ending September 30,	
2025	\$ 1,121,558
2026	1,499,331
2027	(36,540)
2028	(163,202)
	<u>\$ 2,421,147</u>

Actuarial assumptions

The total pension liabilities in the June 30, 2024, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.40 percent
Salary Increase	2.65-17.90 percent, including inflation
Investment Rate of Return	7.00 percent, (net of investment expense, including inflation)

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

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the four year period ending June 30, 2022. The experience report is dated April 21, 2023.

The long-term expected rate of return on the PERS 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 the plans' investment expense, and the assumed rate of inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	25.00 %	5.15
International Equities	20.00	5.00
Global Equities	12.00	5.15
Fixed Income	18.00	2.75
Real Estate	10.00	3.50
Private Equity	10.00	6.20
Infrastructure	2.00	3.85
Private Credit	2.00	4.90
Cash Equivalents	1.00	0.50
Total	<u>100.00 %</u>	

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 8 – Retirement Plans (continued)

A. Defined Benefit Pension Plan (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.90 percent for fiscal year 2025, 18.40 percent for fiscal year 2026, and 22.40 percent for fiscal year 2027). 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 City'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 calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
City's Proportionate share of PERS	\$ 26,039,510	\$ 20,089,958	\$ 15,220,701

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at www.pers.ms.gov.

Three-year Trend Information

The City's contributions to PERS for the fiscal years ending September 30, 2024, 2023 and 2022 were \$1,037,535, \$1,106,778, and \$1,018,283 respectively, which equaled the required contributions for each year.

B. Deferred Compensation Plan

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

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

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt

Debt outstanding at September 30, 2024 consists of the following:

Description and Purpose	Original Issue Amount	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:				
A. Bonds:				
General Obligation Refunding Bonds, Series 2020	\$ 4,224,000	\$ 2,521,000	1.75%	09/30/30
Special Limited Obligation Bonds, Series 2019	4,390,000	3,780,000	3-00-4.00%	03/01/41
Total Obligation Bonds		<u>6,301,000</u>		
B. Notes Payable				
Notes Payable-MDA Cap Improv Loan	763,087	480,090	2.00%	02/01/36
Notes Payable-SMPDD Cap Improv Loan	500,000	415,583	2.75%	04/01/36
Total Notes Payable		<u>895,673</u>		
C. Equipment Installment Loans:				
Hancock Bank				
secured by AS400 Network, \$10,498 annually	46,760	10,096	3.98%	06/04/25
South Mississippi Planning and Development				
secured by three Police Cars, \$27,360 annually	126,201	26,937	2.75%	10/01/25
Community Bank				
secured by Ford Expedition - HIDTA, \$14,024 annually	39,347	13,559	2.20%	08/01/25
Community Bank				
secured by 2024 E-One Pumper Truck, \$120,664 annually	467,500	425,000	12.00%	08/01/28
Cadence Bank				
secured by five 2023 Ford Explorers, \$84,258 annually	226,330	155,053	5.59%	07/25/26
Total Equipment Installment Loans		<u>630,645</u>		
Total governmental activities		<u>7,827,318</u>		
Business-type Activities:				
A. Bonds				
Revenue Refunding Bonds, Series 2018	4,000,000	3,105,000	4.00-4.375%	05/01/35
Revenue Refunding Bonds, Series 2019	6,000,000	5,130,000	2.50-3.50%	07/01/33
Revenue Refunding Bonds, Series 2020	2,579,000	2,060,000	1.75%	07/01/33
Total Bonds Payable		<u>10,295,000</u>		
B. Notes Payable				
Secured by sales tax revenue				
State Revolving Fund Loan, 2006, \$7,877 monthly	1,288,485	54,823	1.75%	04/01/25
State Revolving Fund Loan, 2006, \$10,949 monthly	1,865,320	173,025	1.75%	01/01/26
State Revolving Fund Loan, 2006, \$9,666 monthly	1,760,448	524,405	2.75%	06/01/29
Drinking Water System Impr. Revolving Loan, \$9,019 monthly	1,344,987	140,792	3.56%	01/01/26
Drinking Water System Impr. Revolving Loan, \$2,150 monthly	422,610	85,209	1.95%	02/01/28
Drinking Water System Impr. Revolving Loan, \$3,766 monthly	740,239	208,281	1.95%	05/01/29
Total Notes Payable		<u>1,186,535</u>		
C. Equipment Installment Loans:				
Bancorpsouth				
secured by water meters, \$287,450 annually	3,235,000	1,192,595	3.29%	04/04/29
Trustmark National				
secured by public works equipment	1,380,000	1,380,000	5.15%	11/07/23
Total Equipment Installment Loans		<u>2,572,595</u>		
Total business-type activities		<u>14,054,130</u>		
Total government-wide		<u>\$ 21,881,448</u>		

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt (Continued)

Governmental Activities

Transactions for the year ended September 30, 2024 are summarized as follows:

	Balance 10/1/2023	Additions	Retirements	Balance 9/30/2024	Due Within one Year
General Obligation Bonds	\$ 2,940,000	-	(419,000)	2,521,000	423,000
Special Obligation Bonds	3,940,000	-	(160,000)	3,780,000	165,000
Notes Payable	960,565	-	(64,892)	895,673	66,404
Equipment Installment Loans	325,788	425,000	(120,143)	630,645	232,207
Compensated Absences	470,257	-	(24,128)	446,129	21,661
	<u>8,636,610</u>	<u>425,000</u>	<u>(788,163)</u>	<u>8,273,447</u>	<u>908,272</u>
Add:					
Bond Premium	56,830	-	(3,240)	53,590	-
	<u>\$ 8,693,440</u>	<u>\$ 425,000</u>	<u>\$ (791,403)</u>	<u>\$ 8,327,037</u>	<u>\$ 908,272</u>

A. Bonds Payable

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds payable are as follows:

September 30,	Principal	Interest	Total
2025	423,000	44,118	467,118
2026	421,000	36,715	457,715
2027	424,000	29,347	453,347
2028	421,000	21,927	442,927
2029	416,000	14,560	430,560
2030	416,000	7,280	423,280
	<u>\$ 2,521,000</u>	<u>153,947</u>	<u>2,674,947</u>

Special Obligation Bonds

Annual debt service requirements to maturity for special obligation bonds payable are as follows:

September 30,	Principal	Interest	Total
2025	165,000	129,482	294,482
2026	170,000	122,782	292,782
2027	180,000	115,780	295,780
2028	185,000	108,481	293,481
2029	195,000	100,882	295,882
2030-2034	1,065,000	403,734	1,468,734
2035-2039	1,255,000	212,036	1,467,036
2040-2041	565,000	19,863	584,863
	<u>\$ 3,780,000</u>	<u>1,213,040</u>	<u>4,993,040</u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt (Continued)

Governmental Activities (Continued)

B. Notes Payable

Annual debt service requirements to maturity for notes payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	66,404	21,049	87,454
2026	67,955	19,499	87,454
2027	69,543	17,910	87,454
2028	71,168	16,285	87,454
2029	72,833	14,620	87,454
2030-2034	390,577	46,690	437,268
2035-2036	157,191	5,544	162,735
	<u>\$ 895,673</u>	<u>141,598</u>	<u>1,037,271</u>

C. Equipment Installment Loans

The City has obtained installment financing for the purchase of mobile equipment and other machinery. Title to the assets is held in the name of the City and the various banks as lien holders. The City insures the assets. The following is a list of assets that secure the current installment loans.

In August 2025, the City financed \$425,000 for a 2024 E-One Rescue Pumper with Community Bank. This loan holds a 3.25% interest rate and 4 annual payments of \$120,664.

<u>Issuer</u>	<u>Equipment</u>	<u>Matures</u>	<u>Original Issue</u>	<u>Stated Interest Rate</u>	<u>Balance as of 9/30/2024</u>
Governmental Activities					
Cadence Bank	5 Police Cars	July 2026	226,330	5.59%	155,053
SMPPD	3 Police Cars	October 2025	126,201	2.75%	26,937
Community Bank	2024 E-One Pumper Truck	August 2028	467,500	3.25%	425,000
Hancock Bank	AS 400 Computer Equipment	June 2025	46,760	3.98%	10,096
Community Bank	2022 Ford Expedition - HIDTA	August 2025	39,347	2.20%	13,559
Total Equipment Installment Loans					<u>630,645</u>

Annual debt service requirements to maturity for notes payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 232,207	24,846	257,053
2026	185,938	18,984	204,922
2027	106,250	14,414	120,664
2028	106,250	14,414	120,664
	<u>\$ 630,645</u>	<u>72,658</u>	<u>703,303</u>

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt (Continued)

Business-type Activities

Transactions for the year ended September 30, 2024 are summarized as follows:

	Balance 10/1/2023	Additions	Retirements	Balance 9/30/2024	Due Within one Year
Revenue Refunding Bonds	\$ 10,904,000	-	(609,000)	10,295,000	626,000
Notes Payable-Revolving Loans	1,672,399	-	(485,864)	1,186,535	457,904
Equipment Installment Loans	1,434,514	1,380,000	(241,919)	2,572,595	525,997
Compensated Absences	20,325	3,261	-	23,586	7,013
Total business-type activities	<u>\$ 14,031,238</u>	<u>1,383,261</u>	<u>(1,336,783)</u>	<u>14,077,716</u>	<u>1,616,914</u>

A. Bonds Payable

Revenue Refunding and Special Obligation Bonds Payable

Water & Sewer Revenue Bonds, Series 2020 – In 2021, the City issued \$2,579,000 in revenue refunding bonds. These bonds were issued to refund a portion of the Special Obligation Bonds, Series 2013. As part of these refunding, a portion of the interest payments for the Series 2013 Bonds was put into escrow.

Annual debt service requirements to maturity these bonds payable is as follows:

September 30,	Principal	Interest	Total
2025	\$ 626,000	291,606	917,606
2026	642,000	272,601	914,601
2027	668,000	252,879	920,879
2028	683,000	232,389	915,389
2029	712,000	211,261	923,261
2030-2034	3,619,000	761,786	4,380,786
2035-2039	2,930,000	285,216	3,215,216
2040	415,000	5,447	420,447
	<u>\$ 10,295,000</u>	<u>2,313,183</u>	<u>12,608,183</u>

B. Notes Payable

Revolving Loans

The City's utility enterprise fund finances extensions and improvements to its system through note obligations, which are subordinate to the revenue bonds. The utility currently has six state revolving loans, which enabled the City to provide sewer services in needed areas. The City executed these loan 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 principal payment amounts from monthly sales tax revenues as payment for principal and interest on bonds beginning in fiscal year 2006.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt (Continued)

Business-type Activities

Annual debt service requirements to maturity for these loans payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 457,904	23,835	481,739
2026	252,321	14,529	266,850
2027	177,140	9,842	186,982
2028	166,388	5,542	171,930
2029	132,782	1,541	134,323
	<u>\$ 1,186,535</u>	<u>55,289</u>	<u>1,241,824</u>

C. Equipment Installment Loans/Notes

The City has obtained installment financing for the purchase of mobile equipment and other machinery. Title to the assets is held in the name of the City and the various banks as lien holders. The City insures the assets. The following is a list of assets that secure the current installment loans.

<u>Issuer</u>	<u>Equipment</u>	<u>Matures</u>	<u>Original Issue</u>	<u>Stated Interest Rate</u>	<u>Balance as of 9/30/2023</u>
Business-type Activities					
Cadence Bank	Water Meters	April 2029	3,235,000	3.29%	1,424,919
Total Business-type Activities					<u>\$ 1,424,919</u>

In 2024, the City issued \$1,380,000 General Obligation Note, Series 2023 to purchase new equipment for the public works and utilities department. The loan is payable in 5 equal annual payments of \$276,000 and carries an annual interest rate of 5.15%.

Annual debt requirements of the equipment installment loans and the general obligation note is as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 525,997	135,766	661,763
2026	534,347	78,852	613,199
2027	542,976	56,009	598,985
2028	551,893	32,878	584,771
2029	417,382	9,449	426,831
	<u>\$ 2,572,595</u>	<u>312,954</u>	<u>2,885,549</u>

Compensated Absences

Compensated absences will be paid from the funds from which the employees' salaries were paid.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 9 – Long-term Debt (Continued)

Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a City issues bonds to repair or replace washed out or collapsed bridges on the public roads of the City. As of September 30, 2024, the amount of outstanding debt was equal to 7.6% of the latest property assessments.

Note 10 – Net Investment in Capital Assets

Governmental Activities:

Net investment in capital assets:

Capital Assets

Capital assets	\$ 58,220,316
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Less: accumulated depreciation/amortization	(7,886,334)
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Less: outstanding balances of borrowings for capital asset acquisition:

Bonds related to capital improvements	(6,301,000)
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Notes related to capital improvements	(895,673)
---------------------------------------	-----------

Equipment installment loans	(630,645)
-----------------------------	-----------

Less: material accounts and retainage payable at year end	(724,086)
---	-----------

Add: outstanding restricted cash for capital improvements	6,819,932
---	-----------

Total Net Investment in Capital Assets - Governmental Activities	\$ 48,602,510
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Business-type activities

Water and Sewer Fund

Net investment in capital assets:

Capital Assets

Capital assets	\$ 72,515,442
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Less: accumulated depreciation	(20,277,843)
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Less: outstanding balances of borrowings for capital asset acquisition:

Revenue refunding bonds related to capital improvements	(10,295,000)
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Revolving loans	(1,186,535)
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Equipment installment loans	(2,572,595)
-----------------------------	-------------

Less: material accounts and retainage payable at year end	(275,552)
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Add: outstanding restricted cash for capital improvements	159,852
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Net investment in capital assets - Water and Sewer Fund	38,067,769
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Solid Waste Fund

Net investment in capital assets:

Other capital assets	36,952
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Less: accumulated depreciation	(33,258)
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Net investment in capital assets - Solid Waste Fund	3,694
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Total Net Investment in Capital Assets - Business-type Activities	\$ 38,071,463
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City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 11 – Property and Sales Tax Revenue

A. Property Tax Revenues

The City levies a tax on real and personal property based on the assessed value of property as compiled by the information extracted from the City assessment tax rolls. The taxes on real property attach as an enforceable lien on the property as of January 1. Taxes on real and personal property are levied by the City Council at the first regular meeting in September.

In accordance with the Mississippi Code of 1972, as amended, the City Council may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for the current year are limited to an increase of not more than 10% over receipts for any one of the preceding ten years or a minimum of 20 mills. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation.

The rates are expressed in terms of mills (i.e., ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt but exclusive of school bond and interest for the year ended September 30, 2024 was 43.00 mills or \$43.00 per \$1,000 of assessed valuation.

Property taxes at the fund level are recorded as receivables and deferred inflow of resources at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected including those collected 60 days after year-end. 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 GAAP have been recognized as revenue.

B. General Sales Tax Revenues

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Gautier) back to the City monthly. General sales tax revenue reported in the General Fund was \$2,836,380.

Note 12 – Tax Abatements

In May of 2017, the City Council passed a Memorandum of Intent for a tax abatement to a developer through the Southern Mississippi Planning & Development City (SMPDD) Commercial Redevelopment Program. This program is subject to the requirements of GASB Statement #77. The program was authorized by the City Council and is for a period of fifteen years. It provides the City remit 35% of the total verified sales tax increase to SMPDD, which in turn remits the proceeds to the developer. The payment to SMPDD for calendar year 2024 was \$24,163, for calendar year 2023 was \$21,485 and for calendar year 2022 was \$23,116.

Note 13 – Commitments and Contingencies

A. Risk Management

Claims and Judgments - The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 13 – Commitments and Contingencies (Continued)

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

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

B. Commitments

Contract for Operations of Water and Wastewater Systems – The City held a contract with Clearwater Solutions, LLC for operation and maintenance of the City's water and sewer systems through November 2023. The fee under the contract was \$170,690/month and this contract was cancelled in November 2023. During the fiscal year ended September 30, 2024, the City paid a total of \$415,347 to Clearwater Solutions, LLC under this contract.

In November 2023, the City entered into a contract with H2O Innovation Operation and Maintenance, LLC ("H2O") for operation and maintenance of the City's water and sewer systems, streets and drainage systems. The fee under the contract was \$226,226/month for the year ended September 30, 2024. Annually, the amount shall be adjusted by the consumer price index by the U.S. Department of Labor Statistics. During the fiscal year ended September 30, 2024, the City paid a total of \$2,397,999 to H2O under this contract of which \$2,042,816 was allocated to the water and sewer fund and \$355,183 was allocated to the governmental street department.

Contract for Operations of Solid Waste Collections – The City renewed a contract with Delta Sanitation of MS, LLC for the operations of solid waste collections. The fee under the contract is approximately \$116,705/month for the year ended September 30, 2024. This amount includes commercial and residential garbage collection. During the fiscal year ended September 30, 2024, the City paid a total of \$1,277,396 to Delta Sanitation of MS, LLC under this contract.

Note 14 – Jointly Governed Organizations

On November 2, 1970, the City entered into an agreement with the Board of Trustees of the Jackson George Regional Library System, the City of Moss Point, City of Pascagoula, City of Ocean Springs, City of Lucedale, and the Board of Supervisors of Jackson County to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Jackson George Regional Library System. There are no specific monetary terms in the agreement and the City of Gautier has no equity interest in the organization. However, a budget is approved every year by the County Library Board, which stipulates the amount of funds needed from the participating municipalities and various other funding sources. The City contributed \$127,789 to the Library for the year ended September 30, 2024.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 14 – Joint Ventures

The City of Gautier contracts with the Jackson County Utility Authority (the “Authority”), whereby the Authority picks up and disposes the City’s solid waste and treats and disposes of the City's wastewater in compliance with water quality standards established by the Mississippi Air and Water Pollution Control law and the Federal Water Pollution Control Act.

The following is a synopsis of the Authority’s financial statements as of and for the year ended September 30, 2024:

CONDENSED STATEMENT OF NET POSITION

<u>ASSETS</u>	
Current assets	\$ 7,357,125
Restricted assets	6,367,866
Capital assets, net	158,676,030
Total assets	<u>172,401,021</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
	<u>2,773,985</u>
<u>LIABILITIES</u>	
Current liabilities	5,090,303
Long-term liabilities	85,088,400
Total liabilities	<u>90,178,703</u>
<u>NET POSITION</u>	<u>\$ 84,996,303</u>

**CONDENSED STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN NET POSITION**

Operating revenue	\$ 21,750,600
Operating expenses	(16,818,705)
Nonoperating revenues	3,375,143
Nonoperating expenditures	(1,797,577)
Change in net position	<u>\$ 6,509,461</u>

The Authority provides for the operation and maintenance of the sewer treatment plants on a cost reimbursement basis. Pursuant to the terms of the agreement, the City is required to pay monthly costs of operations and maintenance directly associated with the treatment facilities and to share in the construction costs of the treatment facilities. The costs associated with this contract totaled \$2,680,872 for the year.

The City's obligation to pay operational costs of the Authority is joint and several with the obligations of all other public agencies similarly contracting with the Authority. Whenever any public City shall default in the payment to the Authority of its respective payment, the Authority may adjust the contract sums of the remaining public agencies, which are not in default so as to increase their contract sums by a proportional amount.

A complete copy of the 2024 financial statements is on file at the administrative offices of the Authority which are located at 11100 Highway 57, Vancleave, Mississippi 39565, or may be obtained by calling (228) 762-0119.

City of Gautier, Mississippi
Notes to the Financial Statements
September 30, 2024

Note 15– Subsequent Events

Events that occur after the Statement of Net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net position date require disclosure in the accompanying notes.

Management of the City evaluated the activity of the City through September 16, 2025, (the date the financial statements were available to be issued), and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On September 30, 2024, the City entered into an agreement with Waste Pro of Mississippi, Inc. to begin solid waste collections for the City beginning October 2024. Waste Pro of Mississippi, Inc. will provide solid waste collection and disposal services at a rate of \$27.25 per contractual unit, per month.

In October 2024, the City published its intent to issue \$2,000,000 GO Public Improvements Bonds, Series 2024. The bond is a 20-year bond and will mature 2044.

REQUIRED SUPPLEMENTARY INFORMATION

City of Gautier, Mississippi
Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Budget to Actual - (Prepared on the Budgetary Basis)
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual Budgetary Basis	Variances	
				Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property taxes	5,788,009	5,788,009	5,781,775	-	(6,234)
General sales and use tax	2,825,000	2,825,000	2,838,723	-	13,723
Fines and forfeitures	320,000	320,000	294,420	-	(25,580)
Licenses and permits	116,500	116,500	160,916	-	44,416
Intergovernmental	904,150	1,434,810	1,449,415	530,660	14,605
Franchise fees	108,000	108,000	87,059	-	(20,941)
Investment earnings	-	-	59,158	-	59,158
Miscellaneous	174,000	187,500	318,812	13,500	131,312
Total Revenues	10,235,659	10,779,819	10,990,278	544,160	210,459
Expenditures:					
General government:					
Personnel services	1,708,875	1,709,875	1,652,114	(1,000)	57,761
Supplies	81,100	81,100	45,998	-	35,102
Other services and charges	1,855,125	1,855,125	1,389,474	-	465,651
Capital outlay	39,600	39,600	8,629	-	30,971
Total general government	3,684,700	3,685,700	3,096,215	(1,000)	589,485
Public safety:					
Personnel services	6,740,257	6,740,257	6,305,823	-	434,434
Supplies	368,411	368,411	282,686	-	85,725
Other services and charges	351,200	360,200	270,022	(9,000)	90,178
Capital outlay	21,500	543,160	514,137	(521,660)	29,023
Total public safety	7,481,368	8,012,028	7,372,668	(530,660)	639,360
Public works:					
Personnel services	303,496	303,496	277,691	-	25,805
Supplies	100,000	100,000	46,411	-	53,589
Other services and charges	629,300	629,300	513,764	-	115,536
Capital outlay	95,000	75,000	4,894	20,000	70,106
Total public works	1,127,796	1,107,796	842,760	20,000	265,036
Culture and recreation					
Personnel services	537,204	537,204	521,173	-	16,031
Supplies	136,700	147,600	119,621	(10,900)	27,979
Other services and charges	119,110	124,110	103,179	(5,000)	20,931
Capital outlay	15,400	32,000	31,923	(16,600)	77
Total culture and recreation	808,414	840,914	775,896	(32,500)	65,018
Debt service	223,663	223,663	223,612	-	51
Total Expenditures	13,325,941	13,870,101	12,311,151	(544,160)	1,558,950
Excess (Deficiency) of Revenues					
Over Expenditures	(3,090,282)	(3,090,282)	(1,320,873)	-	1,769,409

Continued Next Page

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

City of Gautier, Mississippi
Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Budget to Actual - (Prepared on the Budgetary Basis)
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variances	
	Original	Final	Budgetary	Original	Final
			Basis	to Final	to Actual
Other Financing Sources (Uses):					
Transfers In	2,242,554	2,242,554	1,942,554	-	300,000
Transfers Out	(771,132)	(771,132)	(769,996)	-	1,136
Total Other Financing Sources (Uses)	1,471,422	1,471,422	1,172,558	-	301,136
Net Change in Fund Balance - Budget	(1,618,860)	(1,618,860)	(148,315)	-	2,070,545
	12,478,213	13,022,373			
Net Change in Fund Balance - Budget-Cash Basis			\$ (148,315)		
Revenues per Cash-basis Budget		12,932,832			
Accrual adjustments		27,962	27,962		
Revenues per Fund Financial Statements		12,960,794			
Expenditures per Cash-basis Budget		13,081,147			
Accrual adjustments		(197,529)	197,529		
Expenditures per Fund Financial Statement		12,883,618			
Net Change in Fund Balance - Fund Financials			\$ 77,176		

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

City of Gautier, Mississippi
Notes to the Required
Supplementary Information-Budgetary Schedules
For the Fiscal Year Ended September 30, 2024

A. Budgetary Information

State statutes authorize the State Auditor to regulate the municipal budget process. Expenditures must be defined to the minimum level prescribed by the State Auditor. The State Auditor has set this level at the purpose level. Municipalities are prohibited from spending in excess of the lowest level adopted in the budget except for capital outlay, election expense and emergency warrants.

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

D. Budgetary Data

The procedures used by the City in establishing budget are mandated by Mississippi State law. A brief summary of the City's policies for recording budgetary data in the financial statements are as follows:

1. Prior to August 1, the Mayor submits to the Board of Alderman a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than September 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental and proprietary funds.
5. Budgets for the governmental and proprietary funds are adopted on a cash basis except for expenditures which include those paid within 30 days of the fiscal year end as required by state statute.

City of Gautier, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years
For the Fiscal Year Ended June 30
(UNAUDITED)

As of June 30	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.077%	0.079%	0.078%	0.071%	0.071%
City's proportionate share of the net pension liability	\$ 20,089,958	\$ 19,765,417	\$ 16,018,188	\$ 10,565,649	\$ 13,751,937
City's covered-employee payroll	\$ 5,884,792	\$ 5,825,356	\$ 5,357,397	\$ 4,695,299	\$ 4,730,149
City's proportionate share of the net pension liability as a percentage of its covered payroll	341.4%	339.3%	299.0%	225.0%	257.5%
Plan fiduciary net position as a percentage of the total pension liability	56.3%	55.7%	59.9%	70.4%	59.0%

As of June 30	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.072%	0.070%	0.070%	0.067%	0.067%
City's proportionate share of the net pension liability	\$ 12,666,221	\$ 11,643,082	\$ 11,636,376	\$ 11,967,873	\$ 10,356,879
City's covered-employee payroll	\$ 5,048,760	\$ 4,516,635	\$ 4,502,222	\$ 4,269,283	\$ 4,199,035
City's proportionate share of the net pension liability as a percentage of its covered payroll	250.9%	257.8%	258.5%	280.3%	246.6%
Plan fiduciary net position as a percentage of the total pension liability	61.6%	62.5%	61.5%	57.5%	61.7%

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented as determined by PERS.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

City of Gautier, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years
For the Fiscal Year Ended September 30, 2024
(UNAUDITED)

As of September 30	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,037,535	\$ 1,016,778	\$ 1,018,283	\$ 823,651	\$ 820,340
Contributions in relation to the actuarially determine contribution	<u>1,037,535</u>	<u>1,016,778</u>	<u>1,018,283</u>	<u>823,651</u>	<u>820,340</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	5,918,625	5,843,552	5,852,201	4,733,626	4,714,598
Contributions as a percentage of covered- employee payroll	17.53%	17.40%	17.40%	17.40%	17.40%
As of September 30	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 756,838	\$ 722,163	\$ 713,359	\$ 681,575	\$ 658,899
Contributions in relation to the actuarially determine contribution	<u>756,838</u>	<u>722,163</u>	<u>713,359</u>	<u>681,575</u>	<u>658,899</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	4,683,397	4,585,162	4,529,263	4,327,460	4,183,486
Contributions as a percentage of covered- employee payroll	16.16%	15.75%	15.75%	15.75%	15.75%

The amounts presented for each fiscal year were determined as of September 30 of the fiscal year presented.

City of Gautier, Mississippi
Notes to the Required Supplementary Information – Pension Schedules
For the Fiscal Year Ended September 30, 2024

A. Changes in assumptions

➤ 2023

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

➤ 2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty decreased from 6% to 4%.

City of Gautier, Mississippi
Notes to the Required Supplementary Information – Pension Schedules
For the Fiscal Year Ended September 30, 2024

A. Changes in assumptions (continued)

- 2019
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2023. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty increased from 6% to 7%.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

City of Gautier, Mississippi
Notes to the Required Supplementary Information – Pension Schedules
For the Fiscal Year Ended September 30, 2024

B. Changes in benefit provisions

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

C. Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2022, valuation for the June 30, 2024 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25.6 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

SUPPLEMENTAL INFORMATION

City of Gautier, Mississippi
Schedule of the Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Passed-through Grantor/ Program Title or Cluster	Federal CFDA Number	Grant No. / Pass-Through Number	Federal Expenditures
U.S. Department of Interior			
<i>Passed through MS Department of Marine Resources</i>			
GOMESA Act	15.435	30000036055	\$ 163,180
<i>Passed through Jackson County, Mississippi, Board of Supervisors</i>			
GOMESA Act	15.435	PRJ-000229	56,112
Total U.S. Department of Interior			<u>219,292</u>
U.S. Department of Justice			
<i>Passed through Mississippi Department of Public Safety</i>			
Equitable Sharing Program	16.922	MS0300600	1,025
COPS Office Techonology and Equipment Program	16.71	15JCOPS23-GG-01810-TECP	488,906
Total U.S. Department of Justice			<u>489,931</u>
US Department of Transportation			
<i>Passed through MS Dept of Transportation</i>			
Highway Planning and Construction	20.205	105069-801000	1,453,916
Total U.S. Department of Transportation			<u>1,453,916</u>
US Department of The Treasury			
<i>Passed through MS Dept of Environmental Quality</i>			
Conoavirus State and Local Recovery Funds	21.027	SLRF2621	619,659
<i>Passed through MS Dept of Environmental Quality</i>			
Conoavirus State and Local Recovery Funds	21.027	126-2-CW-5.5	85,789
Conoavirus State and Local Recovery Funds	21.027	331-1-CW-5.5	966,306
<i>Passed through Jackson County, Mississippi, Board of Supervisors</i>			
Conoavirus State and Local Recovery Funds	21.027	PRJ-000343/ 126-2-CW-5.5	42,894
Conoavirus State and Local Recovery Funds	21.027	PRJ-00337/ 331-1-CW-5.5	483,153
Total U.S. Department of The Treasury			<u>2,197,801</u>
Executive Office of the President			
<i>Direct</i>			
HIDTA	95.001	G22GC003A	4,226
HIDTA	95.001	G23GC003A	13,635
FBI Safe Street	95.001	19GCP540Z	15,231
Total Executive Office of the President			<u>33,092</u>
US Department of Homeland Security			
<i>Direct</i>			
Homeland Security Grant Program	97.067	EMW-2023-SS-00007-S01	21,500
Total US Department of Homeland Security			<u>21,500</u>
Total Expenditures of Federal Awards			<u>\$ 4,415,532</u>

City of Gautier, Mississippi
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Note 1 – General

This schedule includes the federal award activity of the City of Gautier, Mississippi under programs of the federal government of the year ended September 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents on a selected portion of the operations of the City, it is not intended to and does not present the financial position, or changes in net assets of the City.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified-accrual basis of accounting. Differences between the granting-agency basis of accounting and the basis of accounting used by the City in preparing its financial fund statements may occur.

Note 3 – Federal Loans

The City has the following federal loans outstanding as of September 30, 2024:

Program Title	CFDA Number	Current Year Expenditures	Unpaid Loan Balance	Original Loan Amount
Environmental Protection Agency Passed-through the Mississippi Department of Environmental Quality				
DWI-H280114-02	66.458	-	85,209	422,610
DWI-H280114-01-02	66.458	-	208,281	740,239
SRF-C280879-02-2	66.458	-	524,405	1,760,448
SRF-C280879-01-3	66.458	-	54,823	1,288,485
DWI-H280092-01-3	66.458	-	140,792	1,344,987
SRF-C280754-01-3	66.458	-	173,025	1,865,320
Total federal loans		\$ -	\$ 1,186,535	\$ 7,422,089

Note 4 – Indirect Cost Rate

The City has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 – Subrecipients

No awards were passed through to subrecipients.

City of Gautier, Mississippi
Schedule of Surety Bonds
(Required by State of Mississippi)
For the Fiscal Year Ended September 30, 2024

Position	Name	Amount
Mayor	Casey Vaughan	\$ 100,000
Councilman	Adam Colledge	100,000
Councilman	Cameron George	100,000
Councilman	Richard Jackson	100,000
Councilman	Gordon Gollott	100,000
Councilman	Charles Anderson	100,000
Councilman	Dante Elbin	100,000
City Manager	Paula Yancey	50,000
Police Chief	David Bever	50,000
City Clerk/Comptroller	Teresa Montgomery	50,000
Asst Comptroller	Tara Tapper	50,000
Executive Asst	Emily Cumbest	50,000
Executive Asst	Sherry Farabee	50,000
Acctg/Personnel Clerk	Lekeisha Hill	50,000
Administrative Clerk	Addie Bang	50,000
Administrative Clerk	Barbara Logan	50,000
Administrative Clerk	Lashanda Stringfield	50,000
Administrative Clerk	Rachel Honea	50,000
Administrative Clerk	Terri Gonzalez	50,000
Grants/Project Manager	Kimbery Compton	50,000
Purchasing Clerk	Leoqueita Reddix	50,000
Director/Bldg Official	Scott Ankerman	50,000
Court Clerk	Michael Steward	50,000
Deputy Court Clerk	Bernadette Morrow	50,000
Deputy Court Clerk	Derika Fuller	50,000
Records Clerk	Tina Hansen	50,000
Police	Lee Bond	25,000
Dispatcher	Brittany Worth	50,000
Dispatcher	Chasity Johnston	50,000
Dispatcher	Jasmine Williams	50,000
Dispatcher	Jennifer Broderick	50,000
Dispatcher	Kyla Wyatt	50,000
Dispatcher	Patrick Embling	50,000
Dispatcher	Susan Powell	50,000
Dispatcher	Timothy Werner	50,000
Dispatcher	Traci Webb	50,000
Athletics Manager	Vacant	50,000
Park Attendant	Dixie Halovorsen	50,000
Utility Services	Kim Sheppard	50,000
Utility Services	Darlene Brown	50,000
Utility Services	Amber Haywood	50,000
Utility Services	Joellen Jarrell	50,000
Utility Services	Sirrae Williams	50,000
Utility Services	Leah Jerrigan	50,000

SPECIAL REPORTS

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1929)

Certified Public Accountants

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

Honorable Mayor and
City Council of
City of Gautier, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi (the "City") as and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

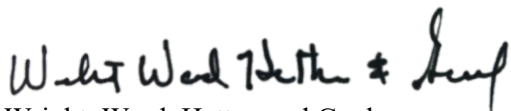
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Wright, Ward, Hatten and Guel
Gulfport, Mississippi
September 16, 2025

WRIGHT, WARD, HATTEN & GUEL

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and
City Council of
City of Gautier, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gautier, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Gautier, Mississippi's major federal programs for the year ended September 30, 2024. City of Gautier, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Gautier, Mississippi 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gautier, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Gautier, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Gautier, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Gautier, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Gautier, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Gautier, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Gautier, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Gautier, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

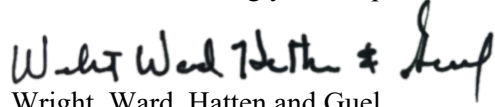
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Wright Ward Hatten & Guel".

Wright, Ward, Hatten and Guel
Gulfport, Mississippi
September 16, 2025

WRIGHT, WARD, HATTEN & GUEL

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH MISSISSIPPI STATE LAWS AND REGULATIONS

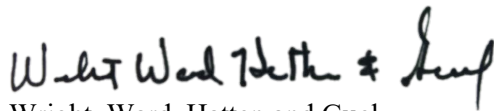
Honorable Mayor and
City Council of
City of Gautier, Mississippi

We have audited the basic financial statements of the City of Gautier, Mississippi, as of and for the year ended September 30, 2024, and have issued our report dated September 16, 2025. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we 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 our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with state laws and regulations. However, noncompliance may exist that has not been identified.

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



Wright, Ward, Hatten and Guel
Gulfport, Mississippi
September 16, 2025

City of Gautier, Mississippi
Schedule of Findings and Questioned Costs
September 30, 2024

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Business-type activities | Unmodified |
| | General and other major funds | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified?
be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | | | | | | | |
|-----------------------|--|-----------------------|---|--------|--|--------|---|--|
| 4. | Type of auditor's report issued on compliance for major programs: | Unmodified | | | | | | |
| 5. | Internal control over major programs: | | | | | | | |
| | a. Material weaknesses identified? | No | | | | | | |
| | b. Significant deficiencies identified? | None Reported | | | | | | |
| 6. | Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? | None | | | | | | |
| 7. | Federal programs identified as major: | | | | | | | |
| | <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>CFDA Number(s)</u></td> <td style="text-align: center;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td style="text-align: center;">20.205</td> <td>U.S. Department of Transportation
Highway Planning and Construction</td> </tr> <tr> <td style="text-align: center;">21.027</td> <td>U.S. Department of Treasury
Coronavirus State and Local Recovery Funds</td> </tr> </table> | <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> | 20.205 | U.S. Department of Transportation
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Coronavirus State and Local Recovery Funds | |
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> | | | | | | | |
| 20.205 | U.S. Department of Transportation
Highway Planning and Construction | | | | | | | |
| 21.027 | U.S. Department of Treasury
Coronavirus State and Local Recovery Funds | | | | | | | |
| 8. | Dollar threshold used to distinguish between type A and
type B programs: | \$ 750,000 | | | | | | |
| 9. | Auditee qualified as low-risk auditee? | No | | | | | | |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which
would require the auditee to prepare a summary schedule of prior audit findings in
accordance with 2 CFR 200.516(b)? | No | | | | | | |

SECTION 2 – FINANCIAL STATEMENT FINDINGS

There was no financial statement findings noted during the fiscal year ended September 30, 2024.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There was no federal award findings noted during the fiscal year ended September 30, 2024.