

BE IT REMEMBERED THAT THERE WAS BEGUN AND HELD THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI ON JANUARY 2, 1990 AT 7:00 PM IN THE BOARD ROOM OF SAID CITY.

THOSE PRESENT

MAYOR JACK GAY, JR

CITY ATTORNEY

THOMAS W TYNER

ALDERMEN

REUBEN CLEPPER
JERRY CROWE
DONALD H ROWELL
BOBBY RUNNELS
LEROY SCOTT

OTHERS PRESENT

GERRIT NUDO
JOE BIKULEGE
WILLOUGHBY WRIGHT
DOUG KING
STEVE HOLLEY
RALPH EDELMON

THE MAYOR DECLARED A QUORUM PRESENT AND DECLARED THE CITY COUNCIL IN SESSION.

THE INVOCATION WAS OFFERED BY THOMAS W TYNER

WHEREAS ALDERMAN CLEPPER MADE A MOTION TO ACCEPT THE MINUTES OF THE REGULAR MEETING OF DECEMBER 19, 1989 AS WRITTEN. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY CALLED FOR PUBLIC COMMENT BUT THERE WAS NONE.

WHEREAS, GERRIT NUDO AND JOE BIKULEGE OF BETZ-ENTEC, INC. ADDRESSED THE BOARD CONCERNING THE CITY'S PROBLEM WITH THE DISCOLORED WATER AND THEIR COMPANY'S POSSIBLE SOLUTION. MR BIKULEGE STATED THAT THE CITY'S PROBLEM COMES FROM THE IRON IN THE STRATA WATER THAT IS BEING PUMPED INTO THE CITY'S SYSTEM. MR BIKULEGE STATED THAT THEY WOULD START WITH A FLUSHING PROGRAM IN THE OLD SYSTEM TO REMOVE THE IRON BUILD UP AND THEN INDUCE A CHEMICAL SOLUTION INTO THE SYSTEM TO SUSPEND THE IRON FROM THE STRATA WATER.

MR NUDO EXPLAINED THAT THE COST WOULD BE APPROXIMATELY \$8,000. PER YEAR FOR THE CHEMICALS AND THAT THE CITY WOULD BE RESPONSIBLE FOR THE INSTALLATION OF THE TANK AND EQUIPMENT NECESSARY FOR THE CHEMICALS. MR NUDO STATED THAT THE CHEMICALS CAN BE PURCHASED AT THE STATE CONTRACT PRICE AND AFTER ONE (1) YEAR THE TANK BECOMES THE PROPERTY OF THE CITY OF PETAL.

THEREUPON, MAYOR GAY STATED THAT THE BOARD WOULD TAKE THIS UNDER ADVISEMENT.

WHEREAS, WILLOUGHBY WRIGHT, OF WRIGHT, KING AND COMPANY, PRESENTED THE AUDIT REPORT FOR THE FISCAL YEAR 1988-89. THE AUDIT WAS AS FOLLOWS TO-WIT:

AUDIT EXHIBIT "A"

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO ACCEPT THE AUDIT REPORT AND TO AUTHORIZE THE CITY CLERK TO PUBLISH A STATEMENT TO THE PUBLIC THAT THE AUDIT IS COMPLETED AND ON FILE IN THE CITY CLERK'S OFFICE FOR REVIEW. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, STEVE HOLLEY, FINANCIAL ADVISOR FOR THE PROPOSED \$825,000 WATER AND SEWER REVENUE BOND ISSUE STATED THAT HE HAS REVIEWED THE CITY'S FINANCIAL STATEMENTS AND THE INFORMATION FOR THE OFFICIAL STATEMENT AND THAT IT IS CLEAR THAT THESE BONDS WILL NOT REQUIRE AN INCREASE IN THE CITY'S UTILITY RATES. MR HOLLEY ALSO STATED THAT AFTER THE ADOPTION OF THE REQUIRED RESOLUTIONS THE CITY WILL BE ABLE TO ISSUE ADDITIONAL REVENUE BONDS WITH ONLY THE CERTIFICATION FROM THE CITY'S AUDITOR THAT THE CITY IS NOT EXCEEDING IT'S DEBT LIMITATIONS.

THERE CAME ON FOR CONSIDERATION BY THE MAYOR AND BOARD OF ALDERMEN THE MATTER OF THE ISSUANCE OF COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990, OF THE CITY OF PETAL, MISSISSIPPI, IN THE PRINCIPAL AMOUNT OF EIGHT HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$825,000). AFTER A DISCUSSION OF THE SUBJECT, ALDERMAN SCOTT OFFERED AND MOVED THE ADOPTION OF THE FOLLOWING RESOLUTION:

RESOLUTION EXHIBIT "B"

FOLLOWING THE READING OF THE FOREGOING RESOLUTION, ALDERMAN ROWELL SECONDED THE MOTION FOR ITS ADOPTION. THE MAYOR PUT THE QUESTION TO A ROLL CALL VOTE, AND THE RESULT WAS AS FOLLOWS:

ALDERMAN REUBEN CLEPPER	VOTED: YEA
ALDERMAN JERRY CROWE	VOTED: YEA
ALDERMAN DONALD H ROWELL	VOTED: YEA
ALDERMAN BOBBY RUNNELS	VOTED: YEA
ALDERMAN LEROY SCOTT	VOTED: YEA

THE MOTION HAVING RECEIVED THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS PRESENT, THE MAYOR DECLARED THE MOTION CARRIED AND RESOLUTION ADOPTED THIS THE 2ND DAY OF JANUARY, 1990.

THERE CAME ON FOR CONSIDERATION BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI, THE MATTER OF THE SALE OF BONDS OF SAID MUNICIPALITY. AFTER A DISCUSSION OF THE SUBJECT, ALDERMAN RUNNELS OFFERED AND MOVED THE ADOPTION OF THE FOLLOWING RESOLUTION:

RESOLUTION EXHIBIT "C"

ALDERMAN SCOTT SECONDED THE MOTION TO ADOPT THE FOREGOING RESOLUTION, AND THE QUESTION BEING PUT TO A ROLL CALL VOTE, THE RESULT WAS AS FOLLOWS:

ALDERMAN REUBEN CLEPPER	VOTED: YEA
ALDERMAN JERRY CROWE	VOTED: YEA
ALDERMAN DONALD H ROWELL	VOTED: YEA
ALDERMAN BOBBY RUNNELS	VOTED: YEA
ALDERMAN LEROY SCOTT	VOTED: YEA

THE MOTION HAVING RECEIVED THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS PRESENT, THE MAYOR DECLARED THE MOTION CARRIED AND THE RESOLUTION ADOPTED, THIS THE 2ND DAY OF JANUARY, 1990.

THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI TOOK UP FOR FURTHER CONSIDERATION THE MATTER OF THE ISSUANCE OF COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 OF THE CITY OF PETAL, MISSISSIPPI, IN THE PRINCIPAL AMOUNT OF EIGHT HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$825,000). AFTER DISCUSSION OF THE SUBJECT, ALDERMAN SCOTT OFFERED AND MOVED THE ADOPTION OF THE FOLLOWING RESOLUTION:

RESOLUTION EXHIBIT "D"

FOLLOWING THE READING OF THE FOREGOING RESOLUTION, ALDERMAN CLEPPER SECONDED THE MOTION FOR ITS ADOPTION. THE MAYOR PUT THE QUESTION TO A ROLL CALL VOTE, AND THE RESULT WAS AS FOLLOWS:

ALDERMAN REUBEN CLEPPER	VOTED: YEA
ALDERMAN JERRY CROWE	VOTED: YEA
ALDERMAN DONALD H ROWELL	VOTED: YEA
ALDERMAN BOBBY RUNNELS	VOTED: YEA
ALDERMAN LEROY SCOTT	VOTED: YEA

THE MOTION HAVING RECEIVED THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS PRESENT, THE MAYOR DECLARED THE MOTION CARRIED AND THE RESOLUTION ADOPTED THIS THE 2ND DAY OF JANUARY, 1990.

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING PROOFS OF PUBLICATION TO THE BOARD:

- 1) AD FOR CITY OF PETAL DISPATCHER
- 2) PUBLIC NOTICE - ZONING JAMES H STEWART
- 3) LEGAL NOTICE - 1990 CDBG APPLICATION

THEREUPON, ALDERMAN CROWE MADE A MOTION THAT THE FOREGOING PROOFS BE ACCEPTED AND FILED. ALDERMAN CLEPPER SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
 ALDERMAN JERRY CROWE
 ALDERMAN DONALD H ROWELL
 ALDERMAN BOBBY RUNNELS
 ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS MAYOR GAY PRESENTED THE FOLLOWING ORDER FOR THE 1987 AND 1988 TAX SALE CANCELLATIONS ON PARCEL # 18111-0000011-021.03 (0611090-003) BECAUSE OF DOUBLE ASSESSMENT BY FORREST COUNTY.

ORDER

WHEREAS,, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI, DEEM IT NECESSARY TO DELETE FROM THE LAND SALE THE FOLLOWING PARCELS:

PETAL MUNICIPAL SEPARATE SCHOOL DISTRICT

<u>Date</u>	<u>Sale</u>	<u>Parcel #</u>	<u>Name</u>	<u>To Whom Sold</u>	<u>Amt</u>	<u>Reason</u>
4-3-89		0611090-003	Jones, Thomas E	George Merritt	\$34.31	Double Assm't
4-4-88		06111090-003	Jones, Thomas E	College Inc.	\$37.18	Double Assm't

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI, DEEM IT NECESSARY TO REFUND THE MONEY COLLECTED ON THE FOREGOING PARCELS AND DO HEREBY AUTHORIZE THE CITY CLERK TO ISSUE WARRANTS FOR THESE REFUNDS.

SO ORDERED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI, ON THIS THE 2ND DAY OF JANUARY, A.D., 1990.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ADOPT THE FOREGOING ORDER AND TO AUTHORIZE THE CITY CLERK TO MAKE THE REFUNDS TO THE PURCHASER AT TAX SALE. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, CITY ATTORNEY THOMAS W TYNER PRESENTED THE FOLLOWING ORDINANCE SETTING THE RATES FOR THE SEWER ONLY CUSTOMERS OUTSIDE OF THE CITY AT \$20.00 A MONTH.

ORDINANCE 1984(57C) EXHIBIT "E"

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ADOPT THE FOREGOING ORDINANCE. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER TRANSFERRING DONALD BERRY FROM THE POSITION OF ANIMAL WARDEN TO THE POSITION OF DISPATCHER AT A RATE OF \$4.90 PER HOUR

ORDER

THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DEEM IT NECESSARY TO TRANSFER DONALD BERRY FROM THE POSITION OF ANIMAL WARDEN TO THE POSITION OF DISPATCHER EFFECTIVE JANUARY 3, 1990 AT A RATE OF \$4.90 PER HOUR UNTIL FURTHER ORDERS OF THE BOARD.

SO ORDERED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI, ON THIS THE 2ND DAY OF JANUARY, A.D., 1990.

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO ADOPT THE FOREGOING ORDER. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE SPECIFICATIONS FOR THE OVERLAY OF APPROXIMATELY 1.5 MILES OF OLD RICHTON ROAD.

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO AUTHORIZE THE CITY CLERK TO ADVERTISE FOR BIDS FOR THE OVERLAY OF 1.5 MILES OF OLD RICHTON ROAD. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY REQUESTED THE WISHES OF THE BOARD CONCERNING THE VACANCY OF THE ANIMAL WARDEN POSITION.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ADVERTISE THE VACANCY AND ACCEPTANCE OF APPLICATIONS IN THE PETAL JOURNAL AND THE HATTIESBURG AMERICAN. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY REQUESTED THE WISHES OF THE BOARD CONCERNING THE PROPOSALS BY GERRIT NUDO AND JOE BIDULEGE OF BETZ-ENEC, INC. TO ALLEVIATE THE PROBLEMS OF THE WATER SYSTEM ADDRESSED EARLIER IN THE MEETING.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO PROCEED WITH THE PREPARATIONS AND CONSTRUCTION OF THE TANK TO INDUCE THE SUSPENSION CHEMICALS INTO THE CITY'S WATER SYSTEM AND TO EXECUTE THE LETTER OF APPROVAL FOR THE SYSTEM. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, CITY CLERK PRISCILLA C DANIEL REQUESTED THAT THE BOARD CONSIDER SCHEDULING THE CITY'S TAX SALE FOR THE LAST MONDAY IN AUGUST OF THIS YEAR BECAUSE OF THE INCREASED NUMBER OF PROBLEMS EXISTING ON THE TAX ROLLS RECEIVED FROM THE COUNTY AND THE LENGTH OF TIME IT IS GOING TO TAKE TO GET THE PROBLEMS RESOLVED AND APPROVED BY THE STATE TAX COMMISSION IN JACKSON.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO SET THE TAX SALE FOR AUGUST 27, 1990. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MRS DANIEL REQUESTED THAT THE BOARD AUTHORIZE THE PARTIAL PAYMENT SYSTEM THAT ALLOWS ONE-HALF (1/2) OF THE TOTAL TAX DUE TO BE PAID ON OR BEFORE FEBRUARY 1, 1990 AND ONE-HALF OF THE BALANCE TO BE PAID BY MAY 1, 1990 AND BALANCE IS DUE AND PAYABLE ON OR BEFORE AUGUST 1, 1990.

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO AUTHORIZE THE PARTIAL PAYMENT PLAN AS OUTLINED BY MRS DANIEL AND AUTHORIZED BY THE STATE CODE. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO APPROVE CLAIMS FOR JANUARY 1990, #11876-#12133 OF THE CITY OF PETAL GENERAL FUND AND THE PETAL WATER AND SEWER FUND. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO ADJOURN. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN DONALD H ROWELL
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREBEING NO FURTHER BUSINESS THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI WAS ADJOURNED ON THIS THE 2ND DAY OF JANUARY, A.D., 1990.


JACK GAY, JR., MAYOR

(SEAL)

ATTEST:


PRISCILLA C DANIEL
CITY CLERK

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

1

Jack Gay, Jr.
Mayor

Priscilla C. Daniel
City Clerk

Members of Board of Aldermen

Donald H. Rowell
Jerry Crowe
Bobby Runnels
Leroy Scott
Reuben Clepper

Alderman, Ward 1
Alderman, Ward 2
Alderman, Ward 3
Alderman, Ward 4
Alderman at Large

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EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

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EXHIBIT "A"

EXHIBIT A
CITY OF PETAL, MISSISSIPPI
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
SEPTEMBER 30, 1989
(With Comparative Totals for September 30, 1988)

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash (Note 3)	\$ 330,923	\$ 187,306	\$ 302,542	\$ 178,190
Receivables (Net of allowances for uncollectibles):				
Franchise fees	30,894			
Accrued interest	978		8,400	
Due From:				
Other funds	8,942			
Other governments	64,656		5,608	
Inventory, at cost	2,468			
Prepaid expenses				
Restricted assets (Note 5):				
Cash and investments				
Accounts receivable (Note 4):		247,837		
Fixed assets (net of accumulated depreciation) (Note 6):				
Amount available in Debt Service Funds				
Amount to be provided for retirement of general long-term debt				
Cash on hand with fiscal agent			4,971	
Total assets	\$ 438,861	\$ 435,143	\$ 321,521	\$ 178,190

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

EXHIBIT "A"

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals	
		General	Long-	(Memorandum Only)	
Enterprise	Trusts	Fixed Assets	Term Debt	1989	1988
\$ 401,449	\$ 44	\$	\$	\$1,400,454	\$1,719,279
38,578				38,578	45,000
2,196				30,894	31,524
				11,574	2,859
				8,942	4,442
				70,264	116,531
28,653				31,121	21,445
2,289				2,289	8,220
669,180	11,081			680,261	416,786
				247,837	241,561
2,298,330		7,446,668		9,744,998	9,566,781
				321,521	321,521
				4,393,479	4,705,158

LIABILITIES AND FUND EQUITY	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES:				
Bills docketed and accounts payable	\$ 42,074	\$ 33,840	\$ -0-	\$ 3,540
Customer deposits				
Notes payable (Note 9):				
Payable from restricted assets:				
Matured interest			4,971	
Due to other funds		4,500		2,622
General obligation bonds payable (Note 9)				
Revenue bonds payable				
Total liabilities	<u>42,074</u>	<u>38,340</u>	<u>4,971</u>	<u>6,162</u>
FUND EQUITY:				
Contributed capital				
Investment in general fixed assets				
Retained earnings:				
Reserved for revenue bond retirement				
Reserved for bond interest				
Reserved for revenue bonds - contingencies				
Reserved for revenue bonds - depreciation				
Reserved for revenue bonds - cushion				
Unreserved				
FUND BALANCES				
Reserved for inventory	2,468			
Reserved for debt service			316,550	
Unreserved	<u>394,319</u>	<u>396,803</u>	<u>-0-</u>	<u>172,028</u>
Total Retained Earnings/Fund Balances	<u>396,787</u>	<u>396,803</u>	<u>316,550</u>	<u>172,028</u>
Total Fund Equity	<u>396,787</u>	<u>396,803</u>	<u>316,550</u>	<u>172,028</u>
Total Liabilities and Fund Equity	<u>\$ 438,861</u>	<u>\$ 435,143</u>	<u>\$ 321,521</u>	<u>\$ 178,190</u>

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

EXHIBIT "A"

EXHIBIT B
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1989
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1988)

	Governmental Fund Types			
	General	Special	Debt	Capital
REVENUES:	Revenue	Revenue	Service	Projects
Property taxes	\$ 366,159	\$	\$ 610,171	\$
Penalties and interest on delinquent taxes	4,389		1,540	
Licenses and permits	19,330			
Franchise fees	140,439			
State share revenue:				
Sales tax	654,166			
Homestead exemption	30,464			
Gasoline tax	10,110			
Grants-State and Federal	4,917	137,407		
Intergovernmental	900			
Fines and forfeits	56,430			
Cultural/recreational fees	20,422			
Charges for services	60,890			
Interest	25,886	13,180	23,196	23,044
Miscellaneous	2,013			
Prior year taxes	339		817	
Sale of equipment	6,281			
Total revenues	<u>1,403,135</u>	<u>150,587</u>	<u>635,724</u>	<u>23,044</u>

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

EXHIBIT "A"

Expendable Trusts	Total (Memorandum Only)	
	1989	1988
\$	\$ 976,330	\$ 925,367
	5,929	4,917
	19,330	16,785
	140,439	138,066
	-0-	-0-
	654,166	586,962
	30,464	28,740
	10,110	10,110
	142,324	432,669
	900	900
	56,430	57,338
	20,422	19,632
	60,890	60,152
615	85,921	69,117
	2,013	11,779
	1,156	1,386
	6,281	3,608
		\$ 2,367,528

EXPENDITURES:	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
General government	\$ 324,808	\$	\$	\$
Public safety	625,724	20,979		
Public works	367,525	76,874		
Health and welfare		22,557		
Cultural/recreational	83,081			
Capital outlay		66,247		210,826
Debt service:				
Principal retirement	9,000		265,000	
Interest and agent fees	12,548		332,715	
Total expenditures	<u>1,422,686</u>	<u>186,657</u>	<u>597,715</u>	<u>210,826</u>
Excess of revenues over (under) expenditures	(19,551)	(36,070)	38,009	(187,782)
Other financing sources (uses)				
Grant refund				(32,386)
Transfers to other funds				
Total other financing sources (uses)	-0-	-0-	-0-	(32,386)
Excess of revenues and other sources over (under) ex- penditures and other uses	(19,551)	(36,070)	38,009	(220,168)
Fund balance - Beginning	416,338	432,873	278,541	392,196
Fund balance - Ending	<u>\$ 396,787</u>	<u>\$ 396,803</u>	<u>\$ 316,550</u>	<u>\$ 172,028</u>

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

EXHIBIT "A"

EXHIBIT C
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1989

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 387,200	\$ 397,943	\$ 10,743
Shared Revenue - State	637,900	646,829	8,929
State/Federal grants			
Licenses and permits	157,500	160,400	2,900
Intergovernmental revenue	15,500	15,926	426
Charges for services	60,000	60,900	900
Fines and forfeits	49,000	56,418	7,418
Cultural/Recreational fees	19,700	20,422	722
Miscellaneous	40,500	35,445	(5,055)
Total revenues	<u>1,367,300</u>	<u>1,394,283</u>	<u>26,983</u>
EXPENDITURES:			
General government	354,193	321,938	32,255
Public safety	653,878	625,724	28,154
Public works	448,727	367,525	81,202
Health and welfare	18,284		18,284
Cultural and recreational	90,402	83,081	7,321
Debt service	21,600	21,548	52
Capital projects	-0-	-0-	-0-
Total expenditures	<u>1,587,084</u>	<u>1,419,816</u>	<u>167,268</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-0-	-0-	-0-
Operating transfers out	-0-	-0-	-0-
Other	-0-	-0-	-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (219,784)	(25,533)	\$ 194,251
Adjustments:			
To adjust for accruals		5,982	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (modified accrual basis)		(19,551)	
Fund Balance - October 1		<u>416,338</u>	
Fund Balance - September 30		\$ <u>396,787</u>	

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

EXHIBIT "A"

	Debt Service Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 597,450	\$ 609,571	\$ 12,121	\$ 564,650	\$ 1,087,514	\$ 21,864
Shared Revenue - State				637,900	646,829	8,929
State/Federal grants				309,494	159,335	(150,159)
Licenses and permits				157,500	160,400	2,900
Intergovernmental revenue				15,500	15,926	426
Charges for services	280,215		(280,215)	340,215	60,900	(279,315)
Fines and forfeits				49,000	56,418	7,418
Cultural/Recreational fees				19,700	20,422	722
Miscellaneous	20,461	17,717	(2,744)	60,961	89,387	28,426
Total revenues	<u>898,126</u>	<u>627,288</u>	<u>(270,838)</u>	<u>2,574,920</u>	<u>2,217,131</u>	<u>(357,789)</u>
EXPENDITURES:						
General government				354,193	321,938	32,255
Public safety				674,878	646,703	28,175
Public works				559,914	444,399	115,515
Health and welfare				40,884	22,557	18,327
Cultural and recreational				90,402	83,081	7,321
Debt service	866,115	597,715	268,400	887,715	619,263	268,452
Capital projects				692,262	277,074	415,188
Total expenditures	<u>866,115</u>	<u>597,715</u>	<u>268,400</u>	<u>3,300,248</u>	<u>2,415,015</u>	<u>885,233</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-0-	-0-	-0-	-0-	-0-	-0-
Operating transfers out	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 32,011	29,573	\$ (2,438)	\$ (725,328)	(197,884)	\$ 527,444
Adjustments:						
To adjust for accruals		8,436			(39,896)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (modified accrual basis)		38,009			(237,780)	
Fund Balance - October 1		<u>278,541</u>			<u>1,519,948</u>	
Fund Balance - September 30		\$ 316,550			\$ 1,282,168	

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

EXHIBIT "A"

EXHIBIT E
CITY OF PETAL, MISSISSIPPI
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CHANGES IN CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 1989
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1988)

	1989	1988
Cash flow from operating activities:		
Cash received from customers and users	\$ 651,157	\$ 656,909
Cash paid to suppliers and employees	(339,768)	(322,068)
Interest received	62,381	46,030
Interest paid	(103,050)	(63,092)
Net cash provided by operating activities	<u>270,720</u>	<u>317,779</u>
Cash flow from investing activities:		
Proceeds from sale of fixed assets	750	7,405
Purchase of fixed assets	(53,156)	(146,697)
Net cash provided by investing activities	<u>(52,406)</u>	<u>(139,292)</u>
Cash flow from financing activities:		
Interest paid by refunding proceeds	10,682	
Principal payments - long-term debt	(817,604)	(112,808)
Bond proceeds	700,000	
Net cash provided by financing activities	<u>(106,922)</u>	<u>(112,808)</u>
Net increase (decrease) in cash	111,392	65,679
Cash, October 1	959,237	893,558
Cash, September 30	<u>\$1,070,629</u>	<u>\$ 959,237</u>

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Income	\$ 543,409	\$ 256,864
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation expense	88,491	87,068
Extraordinary gain of refunding	(329,653)	
(Increase) decrease in interest receivable	(765)	
(Increase) decrease in accounts receivable	6,422	(4,109)
(Increase) decrease in inventory	(8,743)	(5,297)
Net increase in customer deposits	5,102	4,426
(Increase) decrease in accounts payable	1,864	(21,173)
(Increase) decrease in accrued interest payable	(40,588)	
Gain on sale of fixed assets	(750)	
(Increase) decrease in prepaid expenses	5,931	
Total adjustments	<u>(272,689)</u>	<u>60,915</u>
Net cash provided (used) by operating activities	<u>\$ 270,720</u>	<u>\$ 317,779</u>

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

EXHIBIT "A"

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

A. Financial Reporting

The accompanying financial statements are presented using the concepts of reporting promulgated in Statement 1 of the Governmental Accounting Standards Board. The General Purpose Financial Statements show the basic financial statements of the municipality by providing a combined overview of financial position and results of operations of the City. The total (memorandum only) columns in these statements are presented for overview information purposes and are not meant to present fairly financial position or results of operations for the City as a whole in conformity with generally accepted accounting principles.

B. Account Classifications

The account classifications used in the financial statements are in accordance with the classifications required by the Mississippi State Department of Audit.

C. Fund Accounting

The accounts of the City of Petal are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses. City of Petal resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad categories as follows:

GOVERNMENTAL FUNDS:

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

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

Fixed assets are valued at cost or estimates of amounts spent for these purposes. No depreciation has been provided on general fixed assets.

The City has elected not to capitalize infrastructure and did not attempt to value said improvements during the fixed asset inventory taken at the beginning of the fiscal year. The City also does not capitalize items under \$500 in cost; however, equipment lists are maintained for these items.

The long-term liabilities incurred by the City which are to be financed from the governmental funds are accounted for in the General Long-term Obligations Account Group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

E. Basis of Accounting.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary fund types and similar trust funds (Non-expendable Trust Funds) are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

F. Deposits and Investments.

The City deposits funds in the financial institutions selected by the Board of Aldermen in accordance with state statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes.

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

Reserved for inventory - An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

I. Other Significant Accounting Policies.

Employees accumulate sick leave at an amount provided by policy. Vacation is also accumulated at a rate of one day per month up to sixty days. The City does not provide for payment of accumulated sick leave or vacation upon termination.

This report includes all funds and account groups of the City. It includes all activities considered to be part of (controlled by or dependant on) the City under NCGA Statement 3, Defining the Governmental Reporting Entity.

The Petal Municipal School District, although it receives significant revenues from the City, is considered to be substantially autonomous by virtue of the fact it is governed by its own board members.

(2) Interfund Receivables and Payables.

A. The following is a summary of Due To and From other funds:

	Due To	Due From
General Fund:		
General Fund	\$ -0-	\$ 8,942
Special Revenue Fund:		
Law Enforcement	4,500	
Capital Projects Fund:		
Sewer Construction	2,622	
Proprietary Funds:		
Water and Sewer	4,815	
Trust and Agency Fund:		
Tax Collector's	5	
Total	\$ 11,942	\$ 8,942

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

(5) Restricted Assets.

The restricted assets consist of cash and investments which are restricted for a specific purpose. These funds may be used to meet liabilities shown on the balance sheet as payable from restricted assets.

(6) Fixed Assets.

The fixed assets recorded in the General Fixed Asset Group of Accounts are summarized as follows:

	Balance 10/1/88	Additions	Deletions	Balance 9/30/89
Land and easements	\$ 191,287	\$ -0-	\$ -0-	\$ 191,287
Buildings	486,234	37,811		524,045
Improvements	208,108			208,108
Equipment:				
Furniture	115,144	15,960	61,764	69,340
Motor vehicles	645,666	36,187	39,658	642,195
Sewer system	5,376,698	186,077		5,562,775
Other	210,030	52,952	14,064	248,918
Totals	\$7,233,167	\$ 328,987	\$ 115,486	\$7,446,668

Water and Sewer System fixed assets are recorded at the Enterprise Fund and are summarized as follows:

	Balance 10/1/88	Additions	Deletions	Balance 9/30/89
Land and easements	\$ 21,994	\$	\$	\$ 21,994
Structures and improvements	2,962,111	25,741		2,987,852
Buildings	49,803			49,803
O & M operating equipment	172,485	3,937		176,422
Less: Accumulated depreciation	(872,779)	(64,962)		(937,741)
Net fixed assets	\$2,333,614	\$ (35,284)	\$ -0-	\$2,298,330

Fixed assets are stated at cost. Additions are capitalized while expenditures for maintenance and repairs are charged against revenues. Depreciation is not provided for in the General Fixed Asset Group. Depreciation is provided for in the Water and Sewer System based upon the estimated useful

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

The following is a schedule of limitations on the indebtedness of the City at September 30, 1989:

Authorized Debt Limits:	15 Percent	20 Percent
Assessed valuation for fiscal year ended September 30, 1989 -		
\$21,122,086	\$ 3,168,313	\$ 4,224,417
Present debt subject to 15% limitation	(795,000)	
Present debt subject to 20% limitation including debt subject only 15% limitation		3,005,000
Margin for further debt under respective debt limits	\$ 2,373,313	\$ 1,219,417

(8) Contingent Liabilities.

The City is currently the defendant in the following civil suits:

1. C.L. Jackson vs. City of Petal
2. Robert James Ford vs. City of Petal

Both lawsuits claim violations of certain civil rights in violation of the Civil Rights Act of 1983. The city attorney estimates the likelihood of an unfavorable outcome as remote and that any monetary award would be covered under the Mississippi Liability Plan.

(9) Changes in Long-Term Debt:

A schedule of changes in long-term debt is presented on the Schedule of Long-term Debt in the Other Supplemental Information section of this report.

Bonds and installment notes payable are comprised of the following:

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

\$700,000 Water and Sewer Refunding Bonds due in annual installments of \$25,000 in 1990, \$30,000 in 1991 and 1992, \$35,000 in 1993 and 1994, \$40,000 in 1995 and 1996, \$45,000 in 1997, \$50,000 in 1998 and 1999, \$55,000 in 2000, \$60,000 in 2001, \$65,000 in 2002, \$70,000 in 2003 and 2004, interest at 7.1% to 10.0%

	<u>700,000</u>
TOTAL GENERAL OBLIGATION ENTERPRISE BONDS	<u>\$2,910,000</u>

The annual requirements to amortize all bonded debt as of September 30, 1989 follows:

\$3,750,000 SSD Bonds

Year Ending 9/30	Principal	Interest
1990	\$ 160,000	\$ 138,280
1991	160,000	129,320
1992	160,000	120,360
1993	160,000	111,400
1994	170,000	102,160
Thereafter	1,600,000	473,350
	<u>\$ 2,410,000</u>	<u>\$ 1,074,870</u>

\$150,000 Public Improvement Bond

1990	\$ 10,000	\$ 11,400
1991	10,000	10,200
1992	11,000	9,000
1993	12,000	7,680
1994	12,000	6,240
Thereafter	40,000	9,720
	<u>\$ 95,000</u>	<u>\$ 54,240</u>

\$2.5 Million Sewer Construction

Year Ending 9/30	Principal	Interest
1990	\$ 110,000	\$ 175,260
1991	120,000	165,060
1992	135,000	154,073
1993	145,000	142,970
1994	155,000	131,715
Thereafter	1,545,000	485,570
	<u>\$ 2,210,000</u>	<u>\$ 1,254,648</u>

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

of credited service may retire at or after age 60 but before age 65 and receive a reduced retirement benefit. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of 4 years of credited service. The System also provides certain death and disability benefits.

Retirees and beneficiaries who, on December 1 of each year are receiving a retirement allowance are entitled to receive an additional payment equal to the annual percentage change of the consumer price index not to exceed 2-1/2% of the annual retirement allowance for each full fiscal year of retirement. These persons may also receive an additional amount, as determined by the PERS Board of Trustees (contingent on sufficient funding), calculated in increments of 1/4 of 1%, not to exceed 1-1/2% of the annual retirement allowance for each full year of retirement. For the years ended June 30, 1989, the total additional annual payments of \$27,253,000 were related entirely to the change in the consumer price index.

Covered employees of the City of Petal are required by statute to contribute 6% of their salary to PERS. (6.5% after July 1, 1989) If an employee leaves covered employment, accumulated employee contributions plus related investment earnings allocations are refunded to the employee or designated beneficiary. Investment earnings allocations were 5% in 1989. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are established by State law and may be amended only by the State of Mississippi legislature. The contribution requirement for the year ended September 30, 1989, was \$86,774, which consisted of \$50,701 from the City of Petal and \$36,073 from employees; these contributions represented 8.75% and 6.0% of covered payroll respectively through June 30. For the period from July 1 through September 30, the employee contribution represented 6.5% of covered payroll.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess PERS' funding status on a going-concern basis, assess progress made in

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

<u>Entity/Purpose of Levy</u>	<u>Applicable State Law</u>	<u>Mills Levied</u>
School District:		
Minimum Education Program	37-57-1	2.69 mills
Operational Support	37-57-105	44.46 mills
School Bonded Indebtedness (for bonds issued subsequent to March 3, 1987)	37-59-23	2.98 mills

Taxes collected for School Bonded Indebtedness issued prior to March 3, 1987 and debt service expenditures attributable to such debt is reported in the City's School Bond and Interest Fund (accounted for as a debt service fund). In addition to recording these transactions in a separate debt service fund, the debt attributable to these issues is recorded in the City's Long-Term Debt Group of Accounts.

Due to certain statutory changes and interpretations issued by the State Attorney General's office, the City does not record debt service transactions attributable to school bonds issued subsequent to March 3, 1987. These bond issues are not reported in the City's Long-Term Debt Group of Accounts.

(12) Advance Debt Refunding & Extraordinary Gain

The City of Petal advance refunded a revenue bond issue with a general obligation issue in March 1989. The City issued \$700,000 of general obligation debt to refund water and sewer revenue bonds of \$1,018,514. This refunding was done to take advantage of a discounting program instituted by the Farmers Home Administration. As a result of the refunding, total debt service payments over the next 28 years will be reduced by \$803,000 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$155,000 will be realized. Additionally an extraordinary gain of \$329,653 was recognized for accounting purposes in the current year.

(13) Legal Compliance

A. Budget

The City of Petal has met all requirements set forth by law and prescribed by the State Department of Audit in

EXHIBIT "A"

SUPPLEMENTARY INFORMATION

EXHIBIT "A"

Schedule 2
CITY OF PETAL, MISSISSIPPI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1989 AND 1988

	September 30, 1989	September 30, 1988
REVENUES:		
Property tax	\$ 366,159	\$ 355,894
Penalties and interest on delinquent taxes	4,389	3,422
Licenses and permits	19,330	16,785
Franchise fees	140,439	138,066
Sales tax	654,166	586,962
Homestead exemption	30,464	28,740
Gasoline tax	10,110	10,110
Grants - state and federal	4,917	
Intergovernmental	900	900
Fines and forfeits	56,430	57,338
Cultural/recreational fees	20,422	19,632
Charges for services	60,890	60,152
Interest	25,886	25,813
Miscellaneous	2,013	6,553
Prior year taxes	339	884
Sale of equipment	6,281	3,608
Total revenue	<u>1,403,135</u>	<u>1,314,859</u>
EXPENDITURES:		
General government	324,808	284,866
Public safety	625,724	568,648
Public works	367,525	457,028
Health and welfare	-0-	16,363
Cultural and recreational	83,081	36,368
Debt service	21,548	22,629
Total expenditures	<u>1,422,686</u>	<u>1,385,902</u>
Excess of revenues over (under) expenditures	<u>(19,551)</u>	<u>(71,043)</u>
Other financing sources		
Transfers from other funds	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures	<u>(19,551)</u>	<u>(71,043)</u>
Fund Balance - October 1	<u>416,338</u>	<u>487,381</u>
Fund Balance - September 30	<u>\$ 396,787</u>	<u>\$ 416,338</u>

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

EXHIBIT "A"

CDBG Fund	SEECB Fund	Rental Rehab Fund	Loan Repayment Fund	Loan Repayment Fund
\$ 260 -0-	\$ 12,862 -0-	\$ 19,270 178,018	\$ 6,178 3,366	\$ 20,084 66,453
<u>\$ 260</u>	<u>\$ 12,862</u>	<u>\$ 197,288</u>	<u>\$ 9,544</u>	<u>\$ 86,537</u>
\$ -0-	\$ 4,723	\$ -0-	\$ -0-	\$ -0-
<u>260</u>	<u>8,139</u>	<u>197,288</u>	<u>9,544</u>	<u>86,537</u>
<u>\$ 260</u>	<u>\$ 12,862</u>	<u>\$ 197,288</u>	<u>\$ 9,544</u>	<u>\$ 86,537</u>

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EXHIBIT "A"

Schedule 3-B
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 1989
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1988)

	Municipal Fire Protection Fund	Law Enforcement Fund	Road Mainte- nance Fund
REVENUES:			
Grants	\$ 29,563	\$ 2,781	\$ 50,691
Program income			
Interest earned	3,414	967	6,385
Other			
Total revenues	<u>32,977</u>	<u>3,748</u>	<u>57,076</u>
EXPENDITURES:			
Public safety	16,382	4,597	
Public works			76,874
Health & welfare			
Culture & recreation			
Capital outlay	38,686	17,900	
Total expenditures	<u>55,068</u>	<u>22,497</u>	<u>76,874</u>
Excess of revenues over (under) expenditures	(22,091)	(18,749)	(19,798)
Fund Balance - Beginning	<u>57,572</u>	<u>23,807</u>	<u>74,294</u>
Fund Balance - Ending	<u>\$ 35,481</u>	<u>\$ 5,058</u>	<u>\$ 54,496</u>

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

EXHIBIT "A"

	Totals (Memorandum Only)	
	1989	1988
REVENUES:		
Grants	\$ 137,407	\$ 245,617
Program income	-0-	2,426
Interest earned	13,180	10,420
Other	-0-	2,800
Total revenues	<u>150,587</u>	<u>261,263</u>
EXPENDITURES:		
Public safety	20,979	18,892
Public works	76,874	53,246
Health & welfare	22,557	19,228
Culture & recreation	-0-	14,465
Capital outlay	66,247	27,710
Total expenditures	<u>186,657</u>	<u>133,541</u>
Excess of revenues over (under) expenditures	(36,070)	127,722
Fund Balance - Beginning	<u>432,873</u>	<u>305,151</u>
Fund Balance - Ending	<u>\$ 396,803</u>	<u>\$ 432,873</u>

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

EXHIBIT "A"

Schedule 4-B
CITY OF PETAL, MISSISSIPPI
DEBT SERVICE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 1989
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1988)

	2.5 Million Sewer Bond & Interest Fund	SSD Bond & Interest Fund	Totals (Memorandum Only)	
			1989	1988
REVENUES:				
General property tax	\$ 297,065	\$ 313,106	\$ 610,171	\$ 569,473
Prior year tax	300	517	817	502
Penalty and interest	920	620	1,540	1,495
Interest on investments	19,357	3,839	23,196	10,994
Total Revenue	<u>317,642</u>	<u>318,082</u>	<u>635,724</u>	<u>582,464</u>
EXPENDITURES:				
Debt service:				
Principal	105,000	160,000	265,000	245,000
Interest and agent fees	185,066	147,649	332,715	352,414
Total Expenditures	<u>290,066</u>	<u>307,649</u>	<u>597,715</u>	<u>597,414</u>
Excess of revenues over (under) expenditures	27,576	10,433	38,009	(14,950)
Fund Balance - October 1	237,711	40,830	278,541	293,491
Fund Balance - September 30	\$ 265,287	\$ 51,263	\$ 316,550	\$ 278,541

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

EXHIBIT "A"

Schedule 5-B
CITY OF PETAL, MISSISSIPPI
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 1989 AND 1988

	1989	1988
REVENUES:		
Grants-CDBG	\$ -0-	\$ 54,314
Grants-EPA	-0-	132,738
Interest earned	23,044	21,309
Total revenues	<u>23,044</u>	<u>208,361</u>
EXPENDITURES:		
Capital outlay	<u>210,826</u>	<u>238,394</u>
Excess of revenues over (under) expenditures	<u>(187,782)</u>	<u>(30,033)</u>
OTHER FINANCING SOURCES (USES)		
Refund of grant	(32,386)	
Transfer to other funds	<u>-0-</u>	<u>(29,715)</u>
	<u>(32,386)</u>	<u>(29,715)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(220,168)	(59,748)
Fund Balance - Beginning	<u>392,196</u>	<u>451,944</u>
Fund Balance - Ending	<u>\$ 172,028</u>	<u>\$ 392,196</u>

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

EXHIBIT "A"

Schedule 6-B
CITY OF PETAL, MISSISSIPPI
EXPENDABLE TRUST FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1989
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1988)

	Insurance Revolving Fund	Tax Collector's Fund	Totals (Memorandum Only)	
			1989	1988
REVENUES				
Interest earned	\$ 615	\$ -0-	\$ 615	\$ 581
EXPENDITURES	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues over expenditures	615	-0-	615	581
Fund Balance - October 1	10,466	-0-	10,466	9,885
Fund Balance - September 30	\$ 11,081	\$ -0-	\$ 11,081	\$ 10,466

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

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS
TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 1989

	Assessed Value	Tax
Adjusted Assessed Valuation:		
City:		
Realty	\$ 12,843,893	
Personal-other than auto	1,525,688	
Public utilities	3,474,330	
Personal-auto (remitted by county)	<u>3,278,175</u>	
Total City at 34.57 Mills	<u>21,122,086</u>	\$ 730,191
Less: Homestead Exemption Allowed		<u>(73,698)</u>
Separate School District:		\$ 656,493
Realty	22,760,174	
Personal-other than auto	3,657,354	
Public utilities	5,530,261	
Personal-auto (remitted by county)	<u>8,188,423</u>	
Total SSD at 58.81 Mills	<u>40,136,212</u>	2,360,411
Less: Homestead Exemption Allowed		<u>(560,284)</u>
Add: Actual Homestead Reimbursement		1,800,127
Prior Year Tax Collections	212,066	
Penalties & Interest	555	
Deduct: County Tax Collector's Commissions	<u>3,640</u>	216,261
Total To Be Accounted For		<u>(23,718)</u> <u>\$ 2,649,163</u>
Credits:		
Collections Allocated To:	Taxes	Homestead Reimbursement
General Fund	\$ 366,159	\$ 30,464
2.5 Million Sewer Bond and Interest	297,065	
SSD Bond Fund	313,106	
School District	<u>1,244,237</u>	
Totals	<u>2,220,567</u>	<u>30,464</u>
Balance Represented By:		
Auto ad valorem remitted directly to schools by county		391,672
Uncollected		13,506
Unaccounted For - Overpaid		<u>(7,046)</u>
Total Accounted For		<u>398,132</u> <u>\$2,649,163</u>

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 1989

Name	Position	Company	Bond
Jack Gay, Jr.	Mayor	Aetna Life	\$ 10,000
Leroy Scott	Alderman		
	Ward 4	Aetna Life	10,000
D. Rowell	Alderman		
	Ward 1	Aetna Life	10,000
B. Runnels	Alderman		
	Ward 3	Aetna Life	10,000
J. Crowe	Alderman		
	Ward 2	Aetna Life	10,000
Reuben Clepper	Alderman		
	At Large	Aetna Life	10,000
Priscilla C. Daniel	City Clerk	Aetna Life	50,000
Linda Sue Doggett	Deputy Clerk	Aetna Life	10,000
Cecelia A. Breland	Water Department Cashier	Aetna Life	10,000
Ava Pickett	Deputy Tax Collector	Aetna Life	10,000
Ava Pickett	Water Department Cashier	Aetna Life	10,000
Mary Ellen Watkins	Deputy Tax Collector	Aetna Life	10,000
Carolyn Graves	Deputy Tax Collector	Aetna Life	10,000
Donald J. Lee	Deputy Tax Collector	Aetna Life	10,000
Henry Bounds	Police Chief	Aetna Life	50,000

EXHIBIT "A"

Wright, King and Company, P.A.

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Hattiesburg, MS 38402
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Members
Mississippi Society Of
Certified Public Accountants
American Institute of
Certified Public Accountants

REPORT ON INTERNAL ACCOUNTING CONTROLS BASED SOLELY
ON A STUDY AND EVALUATION MADE AS A PART OF AN
AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

To the Mayor and Board of Aldermen
Petal, Mississippi

We have audited the financial statements of the City of Petal, Mississippi, for the year ended September 30, 1989, and have issued our report dated November 27, 1989 thereon. As part of the audit, we made a study and evaluation of the system of internal accounting control of the City of Petal, Mississippi, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U. S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

1. Billing
2. Receivables
3. Cash receipts
4. Purchasing and receiving
5. Accounts payable
6. Cash disbursements
7. Property and equipment
8. General ledger

Our study included all of the control categories listed above; however, we did not evaluate any of the accounting controls over the above categories because the City does not have enough accounting personnel to adequately perform control functions, and it is not feasible for the City to have an adequate internal control system. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study was more limited than would be necessary to express an opinion on the system of internal accounting controls taken as a whole or on any of the categories of controls identified above.

EXHIBIT "A"

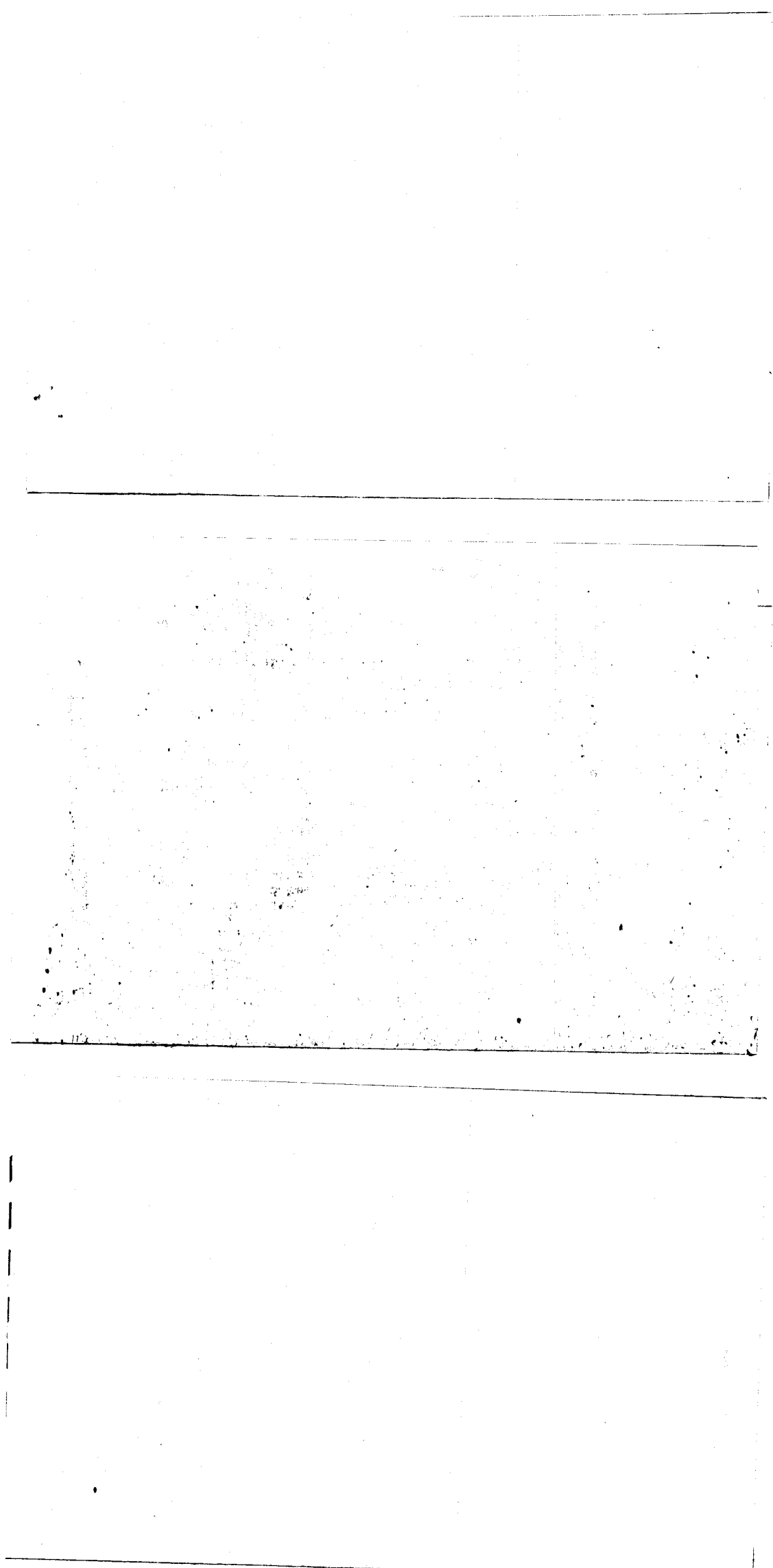


EXHIBIT "B"

There came on for consideration by the Mayor and Board of Aldermen the matter of the issuance of Combined Water and Sewer System Revenue Bonds, Series 1990, of the City of Petal, Mississippi, in the principal amount of Eight Hundred Twenty Five Thousand Dollars (\$825,000). After a discussion of the subject, Alderman Scott offered and moved the adoption of the following resolution:

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE OF COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990, OF THE CITY OF PETAL, MISSISSIPPI, IN THE PRINCIPAL AMOUNT OF Eight Hundred Twenty Five Thousand DOLLARS (\$825,000) TO RAISE MONEY FOR THE PURPOSE OF IMPROVING, REPAIRING AND EXTENDING THE COMBINED WATER AND SEWER SYSTEM OF SAID MUNICIPALITY; PRESCRIBING THE FORM AND INCIDENTS OF SAID BONDS; AND PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF SAID SYSTEM IN AN AMOUNT SUFFICIENT TO PAY THE COST OF THE OPERATION AND MAINTENANCE THEREOF AND TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; MAKING PROVISION FOR A DEPRECIATION FUND AND A CONTINGENT FUND; MAKING PROVISION FOR MAINTAINING THE TAX-EXEMPT STATUS OF SAID BONDS; AND FOR RELATED PURPOSES.

WHEREAS, the Mayor and Board of Aldermen of the City of Petal, Mississippi (the "Governing Body" of the "Municipality"), acting for and on behalf of the Municipality, hereby finds, determines, adjudicates and declares as follows:

1. (a) In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"Act" shall mean Sections 21-27-11 to 21-27-69, Mississippi Code of 1972, as amended.

"Bonds" shall mean the Series 1990 Bonds, and any bonds issued on a parity therewith.

"Bond and Interest Fund" shall mean the fund provided for in Section 12(b)(i) of the Bond Resolution.

"Bond Counsel" shall mean Crosthwait, Terney, Noble & Allain, Jackson, Mississippi.

"Bond Resolution" shall mean this resolution.

"Bond Year" shall mean the period commencing on the date of the Series 1990 Bonds of any year and ending on the last day preceding the date of the Series 1990 Bonds of the following year.

"Clerk" shall mean the City Clerk of the Municipality.

"Code" shall mean the Internal Revenue Code of 1986, as amended, supplemented or superseded.

"Construction Fund" shall mean the fund provided for in Section 22 of the Bond Resolution.

"Consulting Engineers" shall mean Shows & Dearman, Inc., Hattiesburg, Mississippi, or any engineer or engineering firm subsequently employed for the Project or for the purposes set out in Section 18 herein.

"Contingent Fund" shall mean the fund provided for in Section 12(d) of the Bond Resolution.

"Cost of the Project" shall mean the cost of acquisition and construction of the Project and, without intending thereby to

EXHIBIT "B"

limit or restrict any proper definition of such term under the provisions of the Act or this Bond Resolution, shall include the following:

(a) obligations incurred for labor and materials and for contractors, builders and materialmen in connection with construction, for machinery and equipment, for the restoration or relocation of property damaged or destroyed in connection with such construction, for the removal or relocation of structures and for the clearing of lands;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any deposit in court or award or final judgment in or any settlement or compromise of any proceeding to acquire by eminent domain, such lands, property, property rights, rights-of-way, easements, franchises, licenses, options and partial payments thereon, the cost of demolishing or removing or relocating any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, and the amount of any damages incident to or consequent upon the construction and operation of the Project;

(c) taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired therefor, and premiums on insurance (if any) in connection with the Project during construction;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project, and fees and expenses of engineers for making surveys and estimates of costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Project and the issuance of the Series 1990 Bonds;

(e) expenses of administration properly chargeable to the Project, expenses of officers of the Municipality in connection with the Series 1990 Bonds, legal expenses and fees, financial advisory fees, financing charges, costs of audits and of preparing and issuing the Series 1990 Bonds, payments to the Cushion Fund or other provisions for a reserve for debt service, and all other items of expenses reasonably incurred incident to the acquisition, construction and equipping of the Project, the financing thereof, the placing of the same in operation (including the initial premiums on any insurance required or obtained under the provisions of this Bond Resolution) and the acquisition of franchises and interest therefor, including abstracts of title, title insurance, costs of surveys and other expenses in connection with such acquisition; and

(f) any obligation or expense heretofore or hereafter incurred and any amount heretofore or hereafter advanced by the Municipality for any of the foregoing purposes.

"Current Debt Service Account" shall mean the subaccount provided for in Section 12(b)(i) of the Bond Resolution.

"Current Expenses" shall mean the reasonable and necessary current expenses of maintenance, repair and operation of the System and shall include, without limiting the generality of the foregoing, expenses not annually recurring, premiums for insurance, administrative and engineering expenses relating to maintenance, repair and operation, fees and expenses of the Paying Agent, legal expenses, taxes lawfully imposed on the System, reasonable payments to pension or retirement funds for employees of the System, and any other expense of the System

EXHIBIT "B"

required or permitted to be paid by the Municipality under the provisions of the Bond Resolution or by law, but shall not include any allowance for depreciation or deposits or transfers to the credit of the Bond and Interest Fund, the Cushion Fund, the Depreciation Fund or the Contingent Fund.

"Cushion Fund" shall mean the cushion fund provided for in Section 12(b)(ii) of the Bond Resolution.

"Cushion Fund Requirement" shall mean an amount equal to the lesser of the maximum annual debt service on the bonds or the maximum amount which, if deposited therein, would not, in the opinion of nationally recognized bond counsel, adversely affect the tax-exempt status of interest on the Bonds.

"Depreciation Fund" shall mean the fund provided for in Section 12(c) of the Bond Resolution.

"Fiscal Year" shall mean the period commencing on the first day of October of any year and ending on the last day of September of the following year.

"Governing Body" shall mean the Mayor and Board of Aldermen of the Municipality.

"Mayor" shall mean the Mayor of the Municipality.

"Municipality" shall mean the City of Petal, Mississippi.

"Operation and Maintenance Fund" shall mean the fund provided for in Section 12(a) of the Bond Resolution.

"Paying Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body to make payments of the principal of and interest on the Series 1990 Bonds, and to serve as registrar and transfer agent for the registration of owners of the Series 1990 Bonds, and for the performance of other duties as may be herein or hereafter specified by the Governing Body.

"Principal and Interest Requirements" for any Bond Year shall mean the sums sufficient for the payment of the principal of and interest on the Bonds which will mature and accrue during such period.

"Project" shall mean the improvements, repairs and extensions to the System to be financed with the proceeds of the Series 1990 Bonds.

"Purchaser" shall mean the successful bidder for the Series 1990 Bonds, to be hereafter designated by the Governing Body.

"Record Date" shall mean, as to interest payments, the 15th day of the month preceding the dates set for payment of interest on the Series 1990 Bonds and, as to payments of principal, the 15th day of the month preceding the maturity date thereof.

"Record Date Registered Owner" shall mean the Registered Owner as of the Record Date.

"Redemption Price" shall mean, with respect to a Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the provisions hereof.

"Registered Owner" shall mean the person whose name shall appear in the registration records of the Municipality maintained by the Paying Agent.