

BE IT REMEMBERED THAT A PUBLIC HEARING WAS CALLED TO ORDER A PUBLIC HEARING AT 6:30 P.M. ON FEBRUARY 2, 1993 PURSUANT TO SECTION 21-19-11 OF THE MISSISSIPPI CODE OF 1972, AS AMENDED, BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI FOR THE PURPOSE OF DETERMINING THE STATUS OF THE PROPERTY OWNED BY MS. VIRGINIA THOMAS AT 113 N RAILROAD STREET.

THOSE PRESENT

MAYOR JACK GAY, JR.

CITY ATTORNEY

VICKIE LEGGETT IN
MR TYNER'S ABSENCE

ALDERMEN

REUBEN CLEPPER
JERRY CROWE
BOBBY RUNNELS
LEROY SCOTT

OTHERS

DAN TOLBERT

WHEREAS, MAYOR GAY STATED THAT THE UNSAFE CONDITION OF THE STRUCTURE BEHIND THE HOUSE ON THE PROPERTY OWNED BY VIRGINIA THOMAS POSES A THREAT TO THE PUBLIC SAFETY OF THE COMMUNITY HAS BEEN BROUGHT TO THE ATTENTION OF THE BOARD AND AFTER PROPER NOTICE THE HEARING HAS BEEN CALLED. THE PROPERTY IN QUESTION IS DESCRIBED AS FOLLOWS:

LOTS 38, 39 & 40 BLK 1 EAST HATTIESBURG S/D

WHEREAS, MAYOR GAY STATED THAT MRS. THOMAS IS NOT IN ATTENDANCE.

THEREUPON, MR. TOLBERT STATED THAT MRS. THOMAS HAS CONTACTED HIM AND SHE COULD NOT BE AT THE HEARING, BUT SHE HAS HIRED THE SONS OF THE MAN LIVING IN THE HOUSE IN FRONT OF THE DILAPIDATED STRUCTURE TO DEMOLISH IT. MR TOLBERT STATED THAT THE MEN HAVE NOT CONTACTED HIM CONCERNING THE NECESSARY PERMITS AND THAT HE WILL FOLLOW UP ON THAT WEDNESDAY MORNING.

THEREUPON, MAYOR GAY STATED THAT SINCE THE STRUCTURE DOES POSE A THREAT TO THE SAFETY OF THE COMMUNITY THAT THE BUILDING INSPECTOR CONTINUE TO MONITOR THE PROGRESS AND REPORT TO THE BOARD AT THE NEXT BOARD MEETING.



JACK GAY, JR.
MAYOR

SEAL

ATTEST:



PRISCILLA C. DANIEL
CITY CLERK

THIS

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INTENTIONALLY

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 FEBRUARY 2, 1993 AT 7:00 P.M. IN THE BOARD ROOM OF SAID CITY.

THOSE PRESENT	MAYOR JACK GAY, JR.
CITY ATTORNEY	VICKIE LEGGETT IN MR TYNER'S ABSENCE
ALDERMEN	REUBEN CLEPPER JERRY CROWE BOBBY RUNNELS LEROY SCOTT
OTHERS PRESENT	AUBRA EVANS WAYNE MURPHY ROBERT FLEMING JESSIE ROWELL MARCIA WRIGHT AND OTHERS

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

THE INVOCATION WAS OFFERED BY LEROY SCOTT.

THE PLEDGE OF ALLEGIANCE WAS RECITED.

WHEREAS, ALDERMAN CLEPPER MADE A MOTION TO ACCEPT THE MINUTES OF THE REGULAR MEETING ON JANUARY 19, 1993 OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI AS WRITTEN. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

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

WHEREAS FIRE CHIEF AUBRA EVANS PRESENTED PROPOSED NAME CHANGES FOR STREETS IN PETAL WHICH WILL BRING THEM INTO COMPLIANCE WITH THE E-911 SYSTEM. THE CHANGES WOULD BE AS FOLLOWS:

CHERYL DRIVE LOCATED OFF OF HIGHWAY 11 N - TO BE CHANGED TO CITY BARN LOOP

CRABAPPLE LANE OFF OF HARVEY STREET - TO BE CHANGED TO ODOM DRIVE

THE THE UNNAMED GRAVEL ROAD OFF OF ARK LANE - TO BE NAMED BEAGLE DRIVE

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO MAKE THE AFOREMENTIONED CHANGES. ALDERMAN CLEPPER SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, FIRE CHIEF AUBRA EVANS PRESENTED THE FOLLOWING WRITTEN QUOTATIONS FOR EQUIPMENT NEEDED FOR THE FIRE DEPARTMENT:

SEE EXHIBIT "A"

DAVID'S FIRE EQUIPMENT
6613 JOHN HARDEN
CABOT, ARKANSAS 72073

FERRARA FIREFIGHTING EQUIPMENT, INC.
9911 MAMMOTH AVENUE
BATON ROUGE, LA. 70814

H2S SAFETY SALES & RENTALS, INC.
813 EAST 1ST AVENUE
JAY, FLA 32565

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO PURCHASE THE FOLLOWING AT THE LOWEST QUOTE FROM DAVID'S FIRE EQUIPMENT. ALDERMAN SCOTT SECONDED THE MOTION.

1 AKRON #1573 WATER THIEF		\$ 550.00
6 AKRON #1722-P 1 1/2" NOZZLE	@ 350.00	2,100.00
2 AKRON #1701-P 1" BOOSTER NOZZLE	@ 280.00	560.00
1 SUPER VAC #720 G4-H		890.00
1 6 LB. PICK HEAD AXE FIBERGLASS		28.00
12 PR. FIREMAN #5 GLOVES	@ 20.00	240.00
		<hr/>
		\$4,368.00

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREUPON, CHIEF EVANS STATED THAT THE 1200' OF 1 3/4 FIRE HOSE W/ 1 1/12 COUPLING IN ON THE STATE CONTRACT PRICE AND HE WOULD RECOMMEND PURCHASING THE FIRE HOSE FROM FERRARA FIREFIGHTING EQUIPMENT, INC. AS THE MS STATE CONTRACT.

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO PURCHASE THE 1200' OF 1 3/4" FIRE HOSE FROM FERRARA FIREFIGHTING EQUIPMENT, INC. AT A COST OF \$1,669.92. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREUPON, CHIEF EVANS STATED THAT RECOMMENDED THAT THE SIX (6) #801296 MSA ULTRA LITE II AIR PACKS WITH MASK MOUNTED REGULATOR BE PURCHASED FROM H2S SAFETY SALES AT A COST OF \$1386.88 EACH WHICH IS LESS THAN THESE IDENTICAL ITEMS LIST ON THE STATE CONTRACT.

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO PURCHASE THE SIX (6) #801296 MSA ULTRA LITE II AIR PACKS WITH MASK MOUNTED REGULATOR FROM H2S SAFETY SALES AT A COST OF \$1,386.88 EACH IS LESS THAN THE STATE CONTRACT PRICE FOR THE IDENTICAL ITEMS. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, POLICE CHIEF WAYNE MURPHY PRESENTED A RECOMMENDATION TO PROMOTE DONALD BERRY FROM 2ND CLASS DISPATCHER TO 1ST CLASS DISPATCHER EFFECTIVE FEBRUARY 4, 1993.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ADOPT THE FOLLOWING ORDER PROMOTING DONALD BERRY TO 1ST CLASS DISPATCHER EFFECTIVE FEBRUARY 4, 1993. ALDERMAN CROWE SECONDED THE MOTION.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY TO PROMOTE DONALD BERRY TO DISPATCHER 1ST CLASS UPON THE RECOMMENDATION OF THE CHIEF OF POLICE.

IT IS HEREBY ORDERED THAT DONALD BERRY BE PROMOTED TO 1ST CLASS DISPATCHER EFFECTIVE FEBRUARY 4, 1993 AT A RATE OF \$6.02 PER HOUR.

SO ORDERED ON THIS THE 2ND DAY OF FEBRUARY, A.D., 1993.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, ROBERT FLEMING, CO-ORDINATOR OF THE MARCH AGAINST DRUGS CAMPAIGN OUTLINED THE EVENTS TO TAKE PLACE DURING THE CAMPAIGN AND INVITED AND ENCOURAGED THE BOARD AND THE PUBLIC TO TAKE PART IN ALL OF THE EVENTS TO BE HELD DURING THE MONTH OF MARCH BEGINNING WITH THE KICK-OFF MEDIA DAY ON MARCH 7TH AT 2:00.

WHEREAS, MARCIA WRIGHT OF WRIGHT, KING & COMPANY, P.A. PRESENTED THE CITY'S ANNUAL AUDIT FOR THE FISCAL YEAR 1991-92.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ACCEPT THE 1991-92 FY AUDIT OF THE CITY OF PETAL AND THE PETAL WATER AND SEWER DEPARTMENT AND TO AUTHORIZE THE CITY CLERK TO PUBLISH NOTICE IN THE HATTIESBURG AMERICAN OF THE RECEIPT AND AVAILABILITY OF THE AUDIT. ALDERMAN CLEPPER SECONDED THE MOTION.

SEE EXHIBIT "B"

CITY OF PETAL AND PETAL WATER AND SEWER COMBINED REPORT

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY REQUESTED THE WISHES OF THE BOARD CONCERNING THE PROPERTY OWNED BY MRS. VIRGINIA THOMAS LOCATED AT 113 RAILROAD STREET.

THEREUPON, ALDERMAN CROWE MADE A MOTION TO TAKE THIS MATTER UNDER ADVISEMENT UNTIL THE MEN MRS. THOMAS HAS ENGAGED TO DEMOLISH THE HOUSE HAVE HAD TIME TO DO THIS. ALDERMAN CLEPPER SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED AN AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF PETAL AND SHOWS, DEARMAN & WAITS FOR THE PREPARATION OF THE 201 FACILITY PLAN UPDATE AND THE PLANS AND DESIGNS FOR THE PROPOSED CONSTRUCTION OF THE SANITARY SEWER EXTENSIONS TO FOUR (4) AREAS OF THE CITY TO SERVE PREVIOUSLY UNSEWERED CUSTOMERS AND TO OBTAIN SRF FUNDING FROM THE STATE OF MISSISSIPPI.

SEE EXHIBIT "C"

CONTRACT

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE CONTRACT BETWEEN THE CITY OF PETAL AND SHOWS, DEARMAN & WAITS. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY STATED THAT IT HAS BEEN CUSTOMARY FOR THE CITY TO SEND FLOWERS TO PETAL'S YOUNG WOMAN OF THE YEAR WHILE SHE IS IN MERIDIAN AT STATE COMPETITION.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO AUTHORIZE THE CITY CLERK TO SEND FLOWERS FROM THE CITY TO JULIE BARNES WHILE SHE IS AT STATE COMPETITION IN MERIDIAN. ALDERMAN CLEPPER SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A ZONING CHANGE REQUEST FROM JAMES AND DOROTHY AUSTIN ON PROPERTY LOCATED AT 101 LINGLE DRIVE TO E CHANGE FROM C-2 TO R-3.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO SET THE PUBLIC HEARING FOR THE ZONING CHANGE REQUEST FOR JAMES AND DOROTHY AUSTIN FOR MARCH 9, 1993 AT 7:00 P.M. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A UTILITY EASEMENT FROM MELVENIA LOTT TO THE CITY.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ACCEPT THE UTILITY EASEMENT FROM MELVENIA LOTT AND TO PAY HER \$10.00 FOR THE EASEMENT. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY STATED THAT THE VACANCY ON THE ELECTRICAL BOARD, BECAUSE OF THE UNTIMELY DEATH OF LOWERY RIDGEWAY, THE BOARD WOULD NEED TO APPOINT A NEW MEMBER.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO APPOINT CHARLES TURNER TO SERVE ON THE ELECTRICAL BOARD. ALDERMAN CROWE SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED CLAIMS #23806 - 24110 OF THE CITY OF PETAL GENERAL FUND AND THE PETAL WATER AND SEWER FUND.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO PAY CLAIMS # 23806 -24110 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 BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY REQUESTED THE WISHES OF THE BOARD CONCERNING THE APPOINTMENT OF A SCHOOL BOARD TRUSTEE TO FILL THE EXPIRING TERM OF MATT BROWN.

THEREUPON, ALDERMAN CROWE MADE A MOTION TO RE-APPOINT MATT BROWN FOR A FIVE (5) YEAR TERM ON THE PETAL SCHOOL BOARD. ALDERMAN CLEPPER SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, ALDERMAN RUNNELS MADE A MOTION TO CLEAR THE BOARD ROOM TO DETERMINE IF THERE IS A NEED FOR AN EXECUTIVE SESSION. ALDERMAN CROWE SECONDED THE MOTION.

THEREUPON, MAYOR GAY REOPENED THE MEETING.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ENTER INTO AN EXECUTIVE SESSION TO DISCUSS PENDING LITIGATION CONCERNING THE SUIT BETWEEN THE CITY AND THE GREAT SOUTH FAIR. ALDERMAN CROWE SECONDED THE MOTION.

THEREUPON, ALDERMAN CLEPPER MADE A MOTION TO ADJOURN THE EXECUTIVE SESSION. ALDERMAN RUNNELS SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

ALDERMAN SCOTT LEFT THE MEETING.

THEREUPON, ALDERMAN RUNNELS MADE A MOTION TO ADJOURN.
ALDERMAN CROWE SECONDED THE MOTION.


THOSE PRESENT AND VOTING "AYE":

ALDERMAN REUBEN CLEPPER
ALDERMAN JERRY CROWE
ALDERMAN BOBBY RUNNELS

THOSE PRESENT AND VOTING "NAY":

NONE

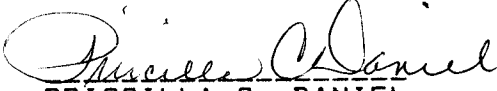
THEREBEING NO FURTHER BUSINESS, THE REGULAR MEETING OF THE
MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI WAS
ADJOURNED ON THIS THE 2ND DAY OF FEBRUARY, A.D., 1993.



JACK GAY
MAYOR

(SEAL)

ATTEST:



PRISCILLA C. DANIEL
CITY CLERK



DAVID'S FIRE EQUIPMENT

8613 John Hardley
Coker, Arkansas 72829

REQUEST FOR QUOTATION
EXHIBIT "A"

Petal Fire Dept.
Petal, MS 39465

QUOTATION NO.	DATE
	2/2/93

THIS IS NOT AN ORDER

Please quote your best price and delivery on the items listed below:

Quantity	Description		
6	ISI air packs (No cases)	\$1,470.00 each	\$8,820.00
12	ISI tanks (hoop wrapped)	255.00 each	3,060.00
1200 ft.	1 3/4" hose (1 1/2" coup) yellow	1.44 ft.	1,728.00
1	Akron #1573 Water Thief		550.00
6	Akron #1722P 1 3/4"	350.00 each	2,100.00
2	Akron #1701P 1" Booster	280.00 each	560.00
1	Super Vac #Z2064-K		890.00
1	6 lb. pick head axe - fiberglass		28.00
12	Fireman #5 gloves	20.00 pr.	240.00
PLUS FREIGHT			

VENDOR'S SIGNATURE

David P. George

H2S SAFETY SALES & RENTALS, INC.
813 East 1st Avenue
P.O. Box 398
JAY, FLORIDA 32565

1692

1 6 9 2

PLEASE INDICATE THE ABOVE NUMBER WHEN ORDERING

(904) 675-3181 675-4021

TO

PETAL FIRE DEPARTMENT
P.O. BOX 564
PETAL, MS 39465
ATTN: WESLEY HUGHES

QUOTATION DATE	SALES PERSON
FEB 01, 1993	ROY NOLEN/BOB WRAY
INQUIRY DATE	INQUIRY NUMBER

FAX 601-583-0991

QUANTITY	DESCRIPTION	PRICE	AMOUNT
6 EACH	#801295 MSA ULTRA-LITE II WITH MASK-MOUNTED REGULATOR WITHOUT CARRY/STORAGE CASE . . .		\$ 1,386.88 EAC
12 EACH	#801278 MSA ULTRA-LITE II COMPOSITE CYLINDERS . . .		414.58 EAC
1 EACH	#1573 AKRON WATER THIEF		724.32 EAC
1 EACH	#HNP55214P "LIFEJACK" 5.5 H.P. HONDA, POSITIVE PRESSURE VENTILATOR, 21" FAN		1,300.00 EAC
2 EACH	#1701P 1" BOOSTER NOZZLE		372.28 EAC
6 EACH	#1722P 1 1/2" TURBO-JET NOZZLE		477.22 EAC
1 EACH	#707PA PICK-HEAD FIRE AXE -- 6#		53.90 EAC
12 PAIR	----- FIREMAN V GLOVES		26.93 PAI

WE ARE PLEASED TO SUBMIT THE ABOVE QUOTATION FOR YOUR CONSIDERATION. SHOULD YOU PLACE AN ORDER, BE ASSURED IT WILL RECEIVE OUR PROMPT ATTENTION. THIS QUOTATION IS SUBJECT TO THE CONDITIONS PRINTED ON REVERSE SIDE, AND IS VALID FOR 30 DAYS. THEREAFTER IT IS SUBJECT TO CHANGE WITHOUT NOTICE.

BY *Wesley Hughes* ACCEPTED DATE _____

Thank You!

TYPE IN THIS SPACE ANY DESIRED INTERNAL INFORMATION—DATA WILL APPEAR AT THE TOP OF PARTS 2, 3 AND 4 ONLY.

FERRARA FIREFIGHTING EQUIPMENT, INC. A "
9911 MAMMOTH AVE.
BATON ROUGE, LA 70814
(800) 443-9006
(504) 928-7888

QUOTATION

DATE: 01-27-93
QUOTATION NO. * 3514

Petal Fire Dept
102 Fairchild Dr.
Petal, MS 39465

YOUR INQUIRY NO.

IN RESPONSE TO YOUR INQUIRY, WE SUBMIT THE FOLLOWING QUOTATION:

QUANTITY	DESCRIPTION	PRICE
1	Akron Style 1573 water thief	658.00
1	Super Vac PPU Fan, Honda 5.5hp, 20", 72064-H	948.00
1	Axe, Pick head, fiberglass handle	54.00
12	Fireman's Glove	264.00
2	Akron, Nozzle, Style 1701 P 1"	544.00
6	Akron, Nozzle style 1722 P, 1 3/4"	2214.00

TERMS: Net 30 Days
ESTIMATED SHIP DATE: Stock to 8 weeks
BY: Reggie Ridgway

TYPE IN THIS SPACE ANY DESIRED INTERNAL INFORMATION—DATA WILL APPEAR AT THE TOP OF PARTS 2, 3 AND 4 ONLY.

FERRARA FIREFIGHTING EQUIPMENT, INC.
9911 MAMMOTH AVE.
BATON ROUGE, LA 70814
(800) 443-9006
(504) 928-7888

QUOTATION

DATE: 01-27-93
QUOTATION NO. * 3516

Petal Fire Dept.
102 Fairchild Dr.
Petal, MS 39465

YOUR INQUIRY NO.

IN RESPONSE TO YOUR INQUIRY, WE SUBMIT THE FOLLOWING QUOTATION:

QUANTITY	DESCRIPTION	PRICE
6	ISI magnum Seba 30 min, 2216 Psi Light weight aluminum wrapped bottle	8190.00
12	Seba spare bottle lightweight aluminum wrapped bottles.	4080.00
1200'	Mississippi State Contract # 5-340-03481 Fire hose 1 3/4" w/ 1/2" couplings yellow MS Contract Item # 340-56-52140-3	1669.92

TERMS: Net 30 Days
ESTIMATED SHIP DATE: Stock to 4 weeks
BY: Reggie Ridgway

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1992

PUBLIC OFFICIALS

Jack Gay, Jr.
Mayor

Priscilla C. Daniel
City Clerk

Members of Board of Aldermen

Donald N. Rowell	Alderman, Ward 1
Jerry Crowe	Alderman, Ward 2
Bobby Runnels	Alderman, Ward 3
Leroy Scott	Alderman, Ward 4
Reuben Clepper	Alderman at Large

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CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

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CITY OF PETAL
MINUTE BOOK 13

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Wright, King and Company, P.A.

Certified Public Accountants
#10 Plaza Drive
P.O. Box 18433
Hattiesburg, MS 39402
(601) 288-3135

Douglas A. King, CPA
Wroughton C. Wright, CPA
Marsha N. Wright, PA

Members
Mississippi Society of
Certified Public Accountants
American Institute of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the accompanying general purpose financial statements of the City of Petal, Mississippi, as of September 30, 1992, and for the year then ended. These general purpose financial statements are the responsibility of the City of Petal, Mississippi, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128 "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Petal, Mississippi, is not in compliance with the requirements of the State Department of Audit, as set forth in the Municipal Compliance Questionnaire.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Petal, Mississippi, as of September 30, 1992, and the results of its operations and the cash flows of its enterprise fund for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements, and other financial information, including the

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City of Petal, Mississippi
December 12, 1992
Page 2

Schedule of Federal Financial Assistance, listed in the table of contents are presented for the purpose of additional analysis and are not a part of the general purpose financial statements of the City of Petal, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Wright, King & Company, P.A.
WRIGHT, KING & COMPANY, P.A.
Hattiesburg, Mississippi
December 12, 1992

CITY OF PETAL, MISSISSIPPI
MINUTE BOOK
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1992

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash & other deposits	\$450,142	\$1,164	\$341,335	\$0
Cash held by fiscal agent			10,405	
Receivables (Net of allowance of \$2400)		924		
Other receivables	8,457			
Franchise fees receivable	32,020			
Interest receivable				
Prepaid expenses				
Due from other funds	4,677		6,157	
Due from other governments	70,175			
Inventory, at cost	1,536			
Notes receivable		319,565		
Restricted assets				
Property, plant & equipment (net)				
Other assets				
Amount available in debt service fund				
Amount to be provided for retirement of general long-term debt				
Total assets	\$ 567,007	\$ 441,653	\$ 357,897	\$ 0

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Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$ 353,722	\$ 29,483	\$ 0	\$ 0	\$ 1,295,846
	7,376			17,781
42,842				43,766
20,000				28,457
158				32,020
2,289				158
61,562				2,289
				66,239
26,736				76,332
				28,272
877,203				319,565
				877,203
3,595,385				11,283,410
62,366		7,688,025		62,366
			347,492	347,492
			<u>3,714,581</u>	<u>3,714,581</u>
<u>\$5,042,263</u>	<u>\$ 36,859</u>	<u>\$ 7,688,025</u>	<u>\$ 4,062,073</u>	<u>\$ 18,195,777</u>

EXHIBIT A
 Page Two
CITY OF PETAL, MISSISSIPPI
COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1992

LIABILITIES:	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Bills docketed	\$ 56,554	\$ 1,864	\$	\$
Due to other funds				
Other payable	39,948			
Deferred compensation payable				
Accrued interest on bonds				
Current portion of revenue bonds				
Current portion of general obligation bonds				
Current portion of notes payable				
Contractor retainage payable				
Customer deposits				
Matured bond and interest payable			26,864	
Revenue bonds payable				
General obligation bonds payable				
Sever abatement notes payable				
Refunding notes payable				
Capital leases				
Total liabilities	<u>96,502</u>	<u>1,864</u>	<u>26,864</u>	<u>0</u>
FUND EQUITY:				
Contributed capital				
Investment in general fixed assets				
Retained earnings				
Reserved for debt service				
Reserved for facilities replacement				
Unreserved				
FUND BALANCES:				
Reserved for inventory	1,536			
Reserved for unemployment compensation				
Unreserved	468,969	439,789	331,033	
Total fund equity	<u>470,505</u>	<u>439,789</u>	<u>331,033</u>	<u>0</u>
Total liabilities and fund equity	<u>\$567,007</u>	<u>\$441,653</u>	<u>\$357,897</u>	<u>\$ 0</u>

See independent auditors' report.
 The notes to financial statements are an integral part of this statement.

EXHIBIT "B"

Proprietary Fund Type	Fiduciary Fund Type Expendable Trusts	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Debt	
\$ 87,716	\$ 5	\$	\$	\$ 146,324
66,234	260			66,219
5,084	23,733			45,292
16,596				23,733
20,000				16,596
35,000				20,000
20,890				35,000
95,103				20,890
84,710				95,103
				84,710
				26,864
				768,000
765,000			3,955,000	4,335,000
580,000			68,000	254,768
254,768			39,073	68,000
			4,062,073	39,073
<u>2,031,101</u>	<u>23,998</u>	<u>0</u>	<u>4,062,073</u>	<u>6,242,402</u>
303,453				303,453
		7,688,025		7,688,025
314,366				314,366
438,697				438,697
1,954,646				1,954,646
				1,536
	12,861			12,861
<u>3,011,162</u>	<u>32,861</u>	<u>7,688,025</u>	<u>0</u>	<u>1,239,791</u>
				<u>11,952,375</u>
\$5,042,263	\$ 36,859	\$ 7,688,025	\$ 4,062,073	\$18,195,777

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CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:	\$ 400,548	\$	\$568,171	\$ 0
Property taxes				
Penalties and interest on delinquent taxes	7,090		3,481	
Licenses and permits	28,031			
Franchise fees	141,668			
Homestead exemption	33,873			
State shared revenue				
Sales tax	692,518		40,971	
Other				
Alcoholic beverage levy	900			
Intergovernmental				
Gas tax	9,877		88,950	
Other	4,564			
Municipal aid	21,988			
Cultural/recreational fees	75,149			
Fines and forfeitures	139,170			
Charges for services	15,458	4,667	10,490	
Interest earnings	2,246		2,227	
Prior year taxes	895			
Reimbursements	8,015			
Sale of equipment	58,821			
Other		8,605		
Program income	1,640,811	143,122	584,269	0
Total revenues	<u>1,640,811</u>	<u>143,122</u>	<u>584,269</u>	<u>0</u>
EXPENDITURES:				
General government	448,898			
Public safety	722,269	36,178		
Public works	445,462	61,576		
Culture and recreation	61,682			
Health and welfare	21,408	9,975		
Debt service	40,536		586,805	
Total expenditures	<u>1,740,255</u>	<u>107,729</u>	<u>586,805</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(99,444)	35,464	(2,426)	0
Other financing sources (uses):				
Proceeds of debt	42,320		1,370,000	
Discharge of debt per grant contracts		(28,692)		
Operating transfers in Payment to refund bond escrow		3,208		
Operating transfers out		(2,208)	(1,349,600)	
Total other financing sources (uses)	<u>42,320</u>	<u>(28,692)</u>	<u>20,400</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(57,124)	6,772	17,964	
Fund balance - 10/01/91	327,622	423,017	313,089	0
Fund balance - 9/30/92	\$ 470,505	\$ 439,789	\$331,053	\$ 0

See independent auditors' report.
The notes to financial statements are an integral part of this statement.

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Fiduciary Fund Type	Total
Expendable Trust	(Memorandum Only)
\$ 0	\$ 968,719
	10,571
	28,031
	141,668
	33,873
	692,518
	40,971
	900
	9,877
	88,950
	4,564
	21,988
	75,149
458	139,170
	31,073
	4,473
	895
	8,015
	58,821
	8,605
<u>458</u>	<u>2,268,811</u>
	448,898
	722,269
	750,447
	507,038
	61,682
	31,383
	627,341
<u>0</u>	<u>2,434,789</u>
	(65,958)
	1,412,320
	(28,692)
	3,208
	(1,349,600)
	(3,208)
<u>0</u>	<u>34,028</u>
	(31,930)
458	1,286,118
12,403	\$ 1,254,188
\$ 12,861	

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Property tax	\$ 397,127	\$ 400,848	\$ 3,721
Permits and interest	2,000	7,000	5,000
Licenses and permits	22,000	20,021	(1,979)
Franchise fees	140,000	143,073	3,073
Nonmarket acquisition	33,873	23,873	(10,000)
State shared revenues	643,900	689,722	45,822
Intergovernmental	15,400	14,461	(939)
Culture and recreation	21,300	21,908	608
Fines and forfeits	76,100	78,109	2,009
Charges for services	136,224	129,170	(7,054)
Interest earned	14,000	15,480	1,480
Prior year taxes	600	2,346	1,746
Reimbursements		894	894
Sale of equipment		8,015	8,015
Other	50,300	50,821	521
Program income			
Total revenues	1,818,924	1,938,816	119,892
EXPENDITURES:			
General government	194,102	199,204	5,102
Personal services	4,900	4,897	(3)
Supplies	111,221	110,129	(1,092)
Other services and charges	121,858	120,887	(971)
Capital outlay	144,141	148,371	4,230
Total	676,222	683,588	7,366
Public safety	620,817	620,279	(538)
Personal services	17,950	14,483	(3,467)
Supplies	72,905	62,506	(10,399)
Other services and charges	30,388	24,221	(6,167)
Capital outlay	79,687	79,259	(428)
Total	821,747	820,798	(949)
Public works	229,764	219,887	(10,877)
Personal services	59,100	44,942	(14,158)
Supplies	129,088	121,046	(8,042)
Other services and charges	22,228	20,811	(1,417)
Capital outlay	118,348	113,088	(5,260)
Total	548,764	529,927	(18,837)
Health and welfare	15,022	15,366	344
Personal services	750	675	(75)
Supplies	5,500	5,267	(233)
Other services and charges			
Capital outlay	21,071	21,108	37
Total	21,593	21,481	(112)
Cultural and recreational	24,420	22,710	(1,710)
Personal services	12,000	11,140	(860)
Supplies	29,220	19,746	(9,474)
Other services and charges	11,200	7,024	(4,176)
Capital outlay	12,000	61,800	49,800
Total	88,840	111,510	22,670
Debt service		40,334	40,334
Capital outlay	1,779,462	174,022	(1,605,440)
Total expenditures	1,779,462	174,022	(1,605,440)

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Special Revenue Fund
Variance
Favorable

Budget Actual (Unfavorable)

39,748 40,971 1,223

98,500 88,950 (9,550)

6,700 4,667 (2,033)

8,264 10,161 1,897

107,212 144,791 37,579

9,392 8,426 966

10,000 7,400 2,600

22,224 20,024 2,200

169,148 18,178 150,970

97,100 59,041 38,059

7,218 4,828 2,390

104,318 63,869 40,449

9,000 9,450 (450)

73,287 60,128 13,159

81,287 69,578 11,709

289,876 167,810 122,066

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CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Excess (deficiency) of revenues over expenditures	(192,728)	(191,726)	(902)
Other financing sources (uses):			
Debt proceeds		42,321	42,321
Discharge of debt per grant contracts			
Payment to secure operating transfers in			
Operating transfers out			
Repayment of program loans			
Total other financing sources (uses)	0	42,321	42,321
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (192,728)	(59,405)	\$ (134,323)
Adjustments to GAAP basis:			
Increase (decrease) in accrued revenue		2,291	2,291
Reclassification of capital outlay to notes receivable			
Discharge of debt			
Add: capital expenditures (increase) decrease in accrued expenditures			
Loss: depreciation			
Loss: debt proceeds			
Total adjustments		2,291	2,291
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)		(57,114)	(57,114)
Fund balance - unreserved October 1, 1991		226,022	226,022
Fund balance - unreserved September 30, 1992		\$ 468,969	\$ 468,969

See independent auditors' report. The notes to the financial statements are an integral part of these statements.

Special Revenue Fund		
Budget	Actual	Variance Favorable (Unfavorable)
(142,658)	(22,789)	119,869

1,650	1,650	(1,208)
(2,000)	(3,208)	
(350)	(1,558)	(1,208)

\$ (143,008) (24,347) \$ (118,661)

59,811
(28,692)

31,119

6,772

433,017

\$ 439,789

EXHIBIT C
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 561,000	\$ 568,171	\$ 7,171
Prior year tax		2,227	2,227
Penalties and interest		3,481	3,481
Interest earned	14,220	10,490	(3,730)
Intergovernmental			
Charges for services			
Miscellaneous			
Total revenues	<u>575,220</u>	<u>584,369</u>	<u>9,149</u>
EXPENDITURES:			
Public works			
Personal services			
Supplies			
Other services and charges			
Capital outlay			
Debt service			
Total			
Debt service	<u>574,619</u>	<u>586,805</u>	<u>(12,186)</u>
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>574,619</u>	<u>586,805</u>	<u>(12,186)</u>
Excess (deficiency) of revenues over expenditures	<u>601</u>	<u>(2,436)</u>	<u>(3,037)</u>

Enterprise Fund		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0
500,000	458,419	(41,581)
652,800	656,698	3,898
<u>81,320</u>	<u>73,309</u>	<u>(8,011)</u>
<u>1,234,120</u>	<u>1,188,426</u>	<u>(45,694)</u>
229,514	223,917	5,597
61,100	43,294	17,806
355,750	239,920	115,830
1,772,373	777,383	994,990
<u>180,469</u>	<u>178,619</u>	<u>1,850</u>
<u>2,599,206</u>	<u>1,463,133</u>	<u>1,136,073</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>2,599,206</u>	<u>1,463,133</u>	<u>1,136,073</u>
<u>(1,365,086)</u>	<u>(274,707)</u>	<u>1,090,379</u>

EXHIBIT "B"

EXHIBIT C (CONTINUED)
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GRAP) AND ACTUAL ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	Debt Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Other financing sources(uses):			
Debt proceeds	\$1,370,000	\$1,370,000	\$
Payment to accrue	(1,340,000)	(1,340,000)	
Operating transfers in			
Operating transfers out			
Total other financing sources(uses)	20,000	20,000	\$
Excess(deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 21,001	17,964	\$ (3,037)
Adjustments to GRAP basis:			
Increase(decrease) in accrued revenues			
Increase in accounts receivable			
Add: debt reduction			
Add: capital expenditures			
(Increase)decrease in accounts payable			
Less: Depreciation			
Total adjustments			\$
Excess(deficiency) of revenues and other financing sources over expenditures and other financing uses (GRAP basis)		17,964	
(Increase) decrease in reserves of fund balance			\$
Residual equity transfer out			\$
Net change in unreserved fund balance			\$
Fund balance - October 1, 1991		212,052	
Fund balance - September 30, 1992		\$ 331,033	

See independent auditors' report.
The notes to the financial statements are an integral part of these statements.

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	Enterprise Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
1,820,425	1,142,804	(677,621)	
(1,160,422)	(1,127,145)	33,277	
280,003	18,659	(261,344)	
\$1,000,005	(299,047)	\$ 707,820	

14,100
70,090
900,807
(99,600)
(122,241)
762,124

224,007
(411,373)
\$

92,714
1,851,221
\$1,954,646

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EXHIBIT D
CITY OF PETAL, MISSISSIPPI
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1992
(with Comparative Totals for the Year Ended September 30, 1991)

	1992	1991
Operating revenues:		
Charges for services	\$ 617,199	\$ 631,045
Tap fees	7,300	4,610
Connect fees	4,700	5,193
Treatment charges	10,000	
Other income	2,122	
	639,321	640,848
Operating expenses:		
Personnel services	223,917	194,415
Supplies and materials	43,294	31,783
Contractual services	42,426	139,129
Repairs and maintenance	42,356	53,356
Utilities	90,175	61,900
Depreciation and amortization	122,241	162,964
Sewer treatment	20,424	34,782
General and administrative	32,799	3,900
Bad debts	871	
	589,512	622,242
Operating income	80,607	18,606
Nonoperating revenues (expenses):		
Interest income	53,371	99,023
CEMS grant	460,000	19,000
Reimbursements and sale of equipment	7,250	2,807
Interest expense	(111,481)	(87,518)
Transfer out	(1,220,909)	(260)
Transfer in	1,212,892	
Net income	204,697	31,622
Retained earnings - October 1	2,202,622	2,152,000
Retained earnings - September 30	\$2,707,709	\$2,203,622

See independent auditors' report.
The notes to the financial statements are an integral part of these statements.

CITY OF PETAL
EXHIBIT E
CITY OF PETAL, MISSISSIPPI
MINUTES BOOK 13
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 1992
 (With Comparative Totals for the Year Ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Cash flows from operating activities:		
Cash received from customers	\$ 553,189	\$ 650,608
Cash paid to suppliers & employees	(393,063)	(472,286)
Net cash provided by operating activities	<u>260,041</u>	<u>178,322</u>
Cash flows from noncapital financing activities:		
Receipt of grants	469,000	16,000
Payments to other funds	(1,320,909)	(260)
Payments from other funds	1,320,909	
Net cash from noncapital financing activities	<u>469,000</u>	<u>15,740</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	7,250	2,884
Payments for capital acquisitions	(900,887)	(314,463)
Principal payments	(70,890)	(70,890)
Net cash flows from capital and related financing activities	<u>(964,527)</u>	<u>(382,469)</u>
Cash flows from investing activities:		
Interest received	63,522	103,719
Interest paid	(108,997)	(126,808)
Net cash (used) provided by investing activities	<u>(45,445)</u>	<u>(23,089)</u>
Net cash increase (decrease) for the year	(280,931)	(211,496)
Cash at beginning of year	<u>1,511,855</u>	<u>1,723,351</u>
Cash at end of year	<u>\$1,230,924</u>	<u>\$1,511,855</u>

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EXHIBIT E (Continued)
CITY OF PETAL, MISSISSIPPI
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 1992
 (With Comparative Totals for the Year Ended September 30, 1991)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>1992</u>	<u>1991</u>
Operating income	\$ 88,867	\$ 18,498
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	123,241	102,984
Change in assets and liabilities:		
(Increase)decrease in accounts receivable	(14,198)	9,761
Increase(decrease) in accounts payable	57,040	44,340
Increase in customer deposits	5,091	2,739
Net cash provided by operating activities	<u>\$ 260,041</u>	<u>\$ 178,322</u>
Other required disclosures:		
Interest expenses	\$ 111,401	\$ 87,516
Interest capitalized	0	41,110
Total interest paid	<u>\$ 111,401</u>	<u>\$ 128,626</u>

See independent auditors' report.
 The notes to the financial statements are an integral part of these statements.

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EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

(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 fund 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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Special Purpose Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations which are intended to be self-supporting through user charges or where the board has determined that periodic determination of net income is appropriate for management control and accountability.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Non-expendable Trust Funds are used to account for the principal portion of trust funds, the part which cannot be expended. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Fixed Assets and Long-term Liabilities.

The costs incurred for the purchase or construction of general fixed assets are recorded as capital outlay expenditures in the governmental funds. The fixed assets are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds.

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

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

The City has elected not to capitalize infrastructure and did not attempt to value said improvements during the fixed asset inventory. 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 Debt 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.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Deposits

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized in an amount equal to 100% of the uninsured deposit. All deposits with financial institutions insured by the Federal Savings and Loan Insurance Corporation (FSLIC) cannot exceed the amount insured by that agency (FSLIC).

Investments

The city is allowed, by statute, to invest excess funds in any bond or other direct obligations of the United States of America or the State of Mississippi, or of any financial institution approved for the deposit of state funds.

G. Fund Reserves.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of all reserves approved by City policy:

Reserved for unemployment compensation - An account that represents the unemployment revolving fund balance which is legally restricted for the payment of unemployment benefits.

Reserved for debt service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amount maturing in future years.

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.

Reserved for facility replacement - An account used to segregate a portion of the fund balance that is restricted by bond agreement to facility repair and replacement.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

H. Compensated Absences.

Employees accumulate sick pay at an amount provided by City policy. The City does not provide for payment of accumulated sick leave or vacation upon termination.

J. This report includes all funds and account groups of the City. It includes all activities considered to be part of (controlled by or dependent on) the City under NGA 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:		\$ 4,677
Proprietary Fund:		
Water and Sewer	\$ 66,239	61,562
Trust and Agency Fund:		
Tax Collector's Fund		5
Total	\$ 66,239	\$ 66,239

(3) Deposits

At year end, the carrying amount of the government's deposits was \$2,173,049 and the bank balance was \$2,143,629. Of the bank balance \$400,000 was covered by federal depository insurance and \$1,743,629 by collateral held by the Federal Reserve in the government's name.

(4) Accounts Receivable - Customers.

Customer accounts receivable in the Enterprise Fund are attributable to unpaid balances at year-end for charges for services. The Allowance for Doubtful Accounts balance at September 30, 1992 is \$2,400, which is computed at 5% of gross receivables at year-end. The 5% approximation is based on the Water and Sewer Department's history of collections.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Notes Receivable

The City of Petal participates in the Rental Rehabilitation Program of the Office of Housing and Urban Development. As a result, the City has \$319,565 in notes receivable from grant contracts. Repayment on these notes are available for use in the program. However, \$262,455 of the notes are being forgiven at 10% per year if grant conditions are met.

(5) Restricted Assets.

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

(6) Fixed Assets.

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

	Balance 9/30/91	Additions	Deletions	Balance 9/30/92
Land and easements	\$ 131,287	\$ 130,000		\$ 261,287
Buildings	524,045			524,045
Improvements	215,412	7,240		222,652
Equipment:				
Furniture	65,147	1,658		66,805
Motor vehicles	651,041	13,395		664,436
Other	245,657	27,041	7,897	264,801
Sewer system	5,562,775			5,562,775
Assets under capital lease	28,882	42,322		71,204
Totals	\$ 7,484,266	\$ 211,456	\$ 7,897	\$ 7,688,025

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

	Balance 9/30/91	Additions	Deletions	Balance 9/30/92
Land and easements	\$ 21,994			\$ 21,994
Buildings	64,068			64,068
Water/Sewer systems	3,478,157	39,484	14,502	3,478,157
Operating equipment	220,463	872,058	16,887	245,445
Under construction	168,870			1,024,041
Less: Accumulated depreciation	(1,130,940)	(121,902)	(14,302)	(1,228,340)
Total	\$2,822,652	\$ 789,640	\$ 16,887	\$ 3,595,385

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

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 Fund Asset Group. Depreciation is provided for in the Water and Sewer System based upon the estimated useful life of the property under the straight-line method.

(7) Bonds Payable

Presented below is Section 21-33-303 Mississippi Code: No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) until September 30, 1992, and ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1994, whichever is greater. In computing such indebtedness there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1992, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1994, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefor, or to bonds heretofore issued by any municipality for school purposes, or to 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 27-1-1 through 27-1-21, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

All bonds issued prior to July 1, 1990, pursuant to this chapter by any municipality for the purpose of the construction, replacing, renovating or improving wastewater collection and treatment facilities in order to comply with an administrative order of the Mississippi Department of Natural Resources issued pursuant to the Federal Water Pollution Control Act and amendments thereto, are hereby exempt from the limitation imposed by this section, if the governing body of the municipality adopts an order, resolution or ordinance to the effect that the rates paid by the users of such facilities shall be increased to the extent necessary to provide sufficient funds for the payment of the principal of and interest on such bonds as each respectively becomes due and payable as well as the necessary expenses in connection with the operation and maintenance of such facilities.

The following is a schedule of limitations on the indebtedness of the City at September 30, 1992:

Authorized Debt Limit:	15 Percent	20 Percent
Assessed valuation for fiscal year ended September 30, 1992 - \$21,389,732	\$ 3,208,460	\$ 4,277,946
Present debt subject to 15% limitation	(683,000)	
Present debt subject to 20% limitation including debt subject only 15% limitation		(2,798,000)
margin for further debt under respective debt limits	\$ 2,525,460	\$ 1,480,946

(8) Changes in Long-Term Debt.

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

Bonds and installment notes payable are comprised of the following:

GENERAL OBLIGATION BONDS:	
\$2,750,000 Separate School District Bonds due in annual installments of \$50,000 in 1978 and 1979 increasing to \$55,000 in 1981, \$90,000 in 1982, \$95,000 in 1983, \$150,000 in 1984 through 1989, \$160,000 in 1990 through 1993, \$170,000 in 1994 through 1999, \$180,000 in 2000 through 2002, and \$200,000 in 2003, interest at 5.50% to 6.75%	\$1,520,000
TOTAL GENERAL OBLIGATION BONDS	1,520,000

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Refunding note due in annual installments of 17,000 beginning April 10, 1992 and bearing an interest rate of 6.6% 68,000

SEWER ABATEMENT NOTE PAYABLE:
\$417,827 Sewer Abatement Loan due in monthly installments of \$1,667 for 240 months at 6% 275,428

REVENUE BONDS:
\$225,000 Water and Sewer Series 1990 due in annual installments of \$20,000 in 1992, \$25,000 in 1994 to 1996, \$30,000 in 1997 and 1998, \$35,000 in 1999 and 2000, and \$40,000 in 2001, \$45,000 in 2002 and 2003, \$50,000 in 2004, \$55,000 in 2005 and 2006, \$60,000 in 2007, \$65,000 in 2008, \$70,000 in 2009 and \$75,000 in 2010, interest at 6.6% to 9.4% 785,000

GENERAL OBLIGATION ENTERPRISE BONDS:
\$2,500,000 Sewer Construction Bonds due in annual installments of \$99,000 in 1987, \$105,000 in 1988, \$110,000 in 1989, \$115,000 in 1990, \$120,000 in 1991, \$125,000 in 1992, \$130,000 in 1993, \$135,000 in 1994, \$140,000 in 1995, interest at 7.4% to 9.54% 688,000

\$1,270,000 Water and Sewer Refunding Bonds due in annual installments of \$5,000 in 1992, \$25,000 in 1993 to 1995, \$20,000 in 1996, \$25,000 in 1997, \$25,000 in 1998, \$25,000 in 1999 and \$25,000 in 2000, interest at 7.6% to 9.3% 1,270,000

\$7000,000 Water and Sewer Refunding Bonds due in annual installments of \$18,000 in 1991, \$20,000 in 1992 and 1993, \$25,000 in 1994 and 1995, \$30,000 in 1996, \$35,000 in 1997, \$40,000 in 1998 and 1999, \$45,000 in 2000, \$50,000 in 2001, \$55,000 in 2002, \$60,000 in 2003 and 2004, interest at 7.1% to 10.0% 618,000

TOTAL GENERAL OBLIGATION ENTERPRISE BONDS \$3,446,000

The annual requirements to amortize all bonded debt as of September 30, 1992 follows:

Year Ending 9/30	Principal	Interest
1992	\$ 150,000	\$ 111,450
1993	170,000	102,150
1994	170,000	92,300
1995	170,000	82,100
1996	170,000	71,900
1997	170,000	61,250
Thereafter	1,020,000	222,850
	<u>\$1,930,000</u>	<u>\$ 688,910</u>

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

<u>\$85,000 Refunding Notes</u>		
1993	17,000	4,488
1994	17,000	3,366
1995	17,000	2,244
1996	17,000	1,122
	<u>\$ 68,000</u>	<u>\$ 11,220</u>

<u>\$2.5 Million Sewer Construction</u>		
<u>Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>
1993	145,000	142,970
1994	155,000	131,715
1995	170,000	119,195
1996	185,000	106,165
	<u>\$ 655,000</u>	<u>\$ 499,045</u>

<u>\$700,000 Water and Sewer Refunding Bond</u>		
<u>Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 35,000	\$ 45,588
1994	35,000	42,088
1995	40,000	38,813
1996	40,000	35,493
1997	45,000	32,275
Thereafter	<u>420,000</u>	<u>113,267</u>
	<u>\$ 615,000</u>	<u>\$307,824</u>

<u>\$825,000 Series 1990 Revenue Bond</u>		
<u>Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 20,000	\$ 56,750
1994	25,000	54,635
1995	25,000	52,288
1996	25,000	49,944
1997	30,000	47,366
Thereafter	<u>650,000</u>	<u>242,196</u>
	<u>\$ 785,000</u>	<u>\$ 610,179</u>

<u>\$1,370,000 Refunding Series</u>		
<u>Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>
1993	\$ 5,000	\$ 42,546
1994	25,000	71,188
1995	25,000	70,358
1996	25,000	68,710
1997	230,000	58,243
Thereafter	<u>1,050,000</u>	<u>97,468</u>
	<u>\$1,370,000</u>	<u>\$ 408,513</u>

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

(9) Capital Leases

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-term Debt Account Group respectively. Assets under capital leases totaled \$66,221 at September 30, 1992. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 1992.

<u>Year Ending 9/30</u>	<u>General Long-term Debt Account Group</u>
1993	\$ 49,115
1994	14,983
1995	4,925
Minimum lease payments	<u>39,073</u>
Less: Amount representing interest at City's incremental borrowing rate	<u>(4,456)</u>
Present value of minimum lease payments	<u>\$ 34,617</u>

(10) Defined Benefit Pension Plan

All City of Petal, Mississippi, full-time employees participate in the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit public employee retirement system. The payroll for the year ended June 30, 1992 was \$778,912; the City of Petal total payroll was \$980,925.

Membership in PERS is a condition of employment and eligibility is granted upon hiring for all State agency and university employees if the employee is less than 60 years of age. For those employed by political subdivisions and instrumentalities of the State, membership is contingent upon the PERS Board of Trustees' approval of their employer's plan. If approved, membership is a condition of employment and eligibility is granted upon hiring. If an employee is over age 60, membership is optional.

Participating employees who retire at or after age 60 with 4 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 1-7/8% of their average compensation for each year of credited service up to and including 25 years and 2% for each year of credited service over 25 years.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Average compensation is the average of the employee's earnings during the 4 highest compensated consecutive years of credited service. 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 year ended June 30, 1992, the total additional annual payment percentage was 2 1/2%.

Covered employees as of June 30, 1992, of the City of Petal were required by statute to contribute 7.5% of their salary to PERS. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings allocations are refunded to the employee or designated beneficiary. 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 June 30, 1992, was \$12,415, which consisted of \$75,989 from the City of Petal and \$56,426 from employees; these employer contributions represented 9.75% and 7.25% of covered payroll, respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, 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 accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. PERS does not make separate measurements of assets and pension benefit

EXHIBIT "B"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

obligation for individual employees. The pension benefit obligation at June 30, 1992 for PERS as a whole, determined through an actuarial valuation performed as of that date, was \$7,337 million. PERS' net assets available for benefits on that date (valued at cost) were \$1,984 million, leaving an unfunded pension benefit obligation of \$5,353 million. The City of Petal 1992 contribution represented less than 1.0 percent of total contributions required of all participating entities.

Ten-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in PERS' June 30, 1992 component unit financial report.

(11) Ad Valorem Taxes Levied for other Governmental Entities

As stated in Note 1, Summary of Significant Accounting Policies, this report has been prepared to include the funds and account groups of the City (i.e., the "Reporting Entity" as defined by Statement 3). Section 39-37-1 et seq., Mississippi Code 1972, requires that the City levy and collect all taxes for and on behalf of the municipal separate school district. Section 39-3-7, Mississippi Code 1972, authorizes the City to levy and collect a tax not in excess of three mills for the support of any public library system located within the municipality.

Ad valorem taxes collected and settled in accordance with the above-noted statutory authorities are not recognized as revenues and expenditures of the City with the exception of school bonded indebtedness issued prior to March 3, 1987. The accompanying supplemental information schedule "Reconciliation of Tax Assessments to Fund Collections" provides specific assessment and settlement information. For the reported fiscal year the following ad valorem tax levies were made in accordance with the applicable statutory requirements and authorizations:

Entity/Purpose of Levy	Applicable State Law	Mills Levied
School District		
Minimum Education Program	37-37-1	2.49 mills
Operational Support	37-37-105	54.27 mills
School Bonded Indebtedness (for bonds issued subsequent to March 3, 1987)	37-39-23	2.72 mills

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

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) 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 preparation and monitoring of the budget for the governmental funds of the City of Petal.

B. Purchasing

The City of Petal has in place the procedures required by the State of Mississippi as set forth in Part III of the Municipal Compliance Questionnaire.

C. Property Tax

Property taxes are assessed by the City on a calendar year basis and are considered delinquent as of February 1.

State law provides for a 10 percent limitation on increased property tax revenues over the previous year and requires that any excess tax collections are to be placed in escrow and applied against the following years tax revenue.

The non-school tax levy set for the City was 36.75 mills for the fiscal year ended September 30, 1992.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

(13) Receivables

Receivables at September 30, 1992 consist of the following:

Receivables	General	Special	Debt	Enterprise	Totals
Accounts				\$ 43,843	\$ 43,843
Franchise fees	22,020				22,020
Sales tax	59,514				59,514
Auto ad valorem	10,661		6,157		16,818
Grants & donations				20,000	20,000
Totals	\$ 192,195	\$	\$ 6,157	\$ 63,843	\$ 362,195

Customer accounts receivable in the Enterprise Fund are attributable to unpaid balances for charges through September 30, 1992.

(14) Payables from Restricted Assets

Certain assets of the Water and Sewer Enterprise Fund have been restricted for debt service, customer deposits and construction. These assets consist of cash and certificates of deposit restricted as follows:

Customer deposits	\$ 84,710
Accrued interest	12,221
Contractor retainage	55,183
Bonds and notes payable (current)	78,822
Totals	\$ 330,936

(15) Deferred Charges

During the year ended September 30, 1992, the City issued \$225,000 of Water and Sewer Revenue Bonds to finance the extension of the City's sewer system. In connection with the issuance of these bonds the City incurred \$20,771 in legal and other issuance costs. These fees have been capitalized and are being amortized on the straight-line method over the life of the bonds.

During the construction of these sewer facilities the City has incurred engineering, legal and other fees associated with the construction project. As of September 30, 1992, \$86,354 of construction related fees have been capitalized as construction in progress and upon completion of the project, will be amortized over the life of the system.

EXHIBIT B
CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

(16) Contributed Capital

Contributed capital as of September 30, 1992 consists of:

Contributions from Customers	\$ 50,068
Contributions from Federal Government	78,882
Contributions from City of Petal	174,504
Total	<u>\$ 303,454</u>

(17) Inventory

The enterprise and general fund inventories are stated at cost. Cost is determined primarily under the first-in, first-out method.

(18) Interest Expense

The total amount of interest expense incurred by the Water and Sewer Enterprise Fund for the year ended September 30, 1992 is as follows:

Charged to expense	\$ 111,401
Capitalized	<u>0</u>
Total incurred	<u>\$ 111,401</u>

The City of Petal is capitalizing construction period interest on the expended portion of the \$ 825,000 water and sewer revenue bonds issued to finance the extension of the sewer system. \$72,531 was capitalized as of September 30, 1992.

(19) Construction Commitments

The City has a construction contract with Carter and Mullins, Inc. for extension of the City's sewer system. The total contract was \$1,146,048 and as of September 30, 1992, \$951,032 had been completed.

(20) On September 1, 1992, the City of Petal issued general obligation bonds totaling \$1,370,000 with an effective interest rate of 4.95% to advance refund bonds with an interest rate of 8.25%.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

The refunded bonds mature as follows:

<u>Year of Maturity</u>	<u>Amount</u>
1996	\$ 200,000
1997	220,000
1998	235,000
1999	255,000
2000	280,000
Total	<u>\$ 1,190,000</u>

The refunding bonds were issued at par and the net proceeds of \$1,370,116 were used to purchase government securities and those securities are deposited in the Batesville Security Bank in an irrevocable trust. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the General Long-term Debt Account Group.

As a result of the advance refunding, the City reduced its total debt service requirement by \$73,339 which resulted in an economic gain of \$44,003.

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EXHIBIT "B"

SCHEDULE 1
CITY OF PETAL, MISSISSIPPI
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 1992
(With Comparative Totals for September 30, 1991)

	1992	1991
ASSETS		
Cash	\$ 486,142	\$ 484,963
Receivables:		
Franchise fees	32,020	32,424
Garbage fees	2,437	0
Due from:		
Other governments	70,175	67,544
Other entity	4,677	4,677
Inventory at cost	1,536	2,333
Total assets	\$ 567,007	\$ 594,536
LIABILITIES:		
Bills docketed	\$ 84,854	\$ 82,162
Cash bonds	14,896	14,745
Tax overbids	28,222	0
FUND BALANCE	469,035	497,629
Reserved for inventory	1,536	1,536
Unreserved	467,499	496,093
Total fund balance	479,035	517,629
Total liabilities and fund balance	\$ 567,007	\$ 594,536

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

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SCHEDULE 2
CITY OF PETAL, MISSISSIPPI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992
(With Comparative Totals for the Year Ended September 30, 1991)

	1992	1991
REVENUES:		
Property tax	\$ 400,540	\$ 404,054
Penalties and interest on delinquent taxes	7,090	8,858
Licenses and permits	20,031	24,501
Franchise fees	141,660	148,264
Homehold exemption	32,873	32,779
State share revenues:		
Sales tax	692,918	640,775
Alcoholic beverage levy	500	500
Intergovernmental:		
Gasoline tax	9,677	10,059
Municipal aid	4,964	4,052
Cultural and recreational fees	21,988	19,047
Fines and forfeits	75,149	73,680
Charges for services	139,170	114,233
Interest earnings	18,088	22,992
Prior year taxes	3,246	1,333
Reimbursements	8,895	1,833
Sale of equipment	8,015	2,000
Miscellaneous	28,831	8,877
Total revenues	1,640,811	1,618,851
EXPENDITURES:		
General government	448,890	389,145
Public safety	722,265	687,054
Public works	445,463	391,318
Cultural and recreational	81,682	52,238
Health and welfare	21,400	19,260
Debt service	18,934	27,354
Total expenditures	1,749,634	1,614,369
Excess of revenues over (under) expenditures	(99,444)	(30,569)
Other financing sources (uses)		
Operating transfers in		200
Proceeds of debt	42,320	85,000
Total other financing sources	42,320	85,200
Excess of revenues and other financing sources over expenditures and other financing uses	(57,124)	54,631
Fund balance - October 1	527,629	472,928
Fund balance - September 30	\$ 470,505	\$ 527,629

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

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SCHEDULE 3-A
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1992

	Municipal Fire Exclusion Fund	Law Enforce- ment Fund	Road Maint- enance Fund
ASSETS			
Cash	\$ 59,931	\$ 7,526	\$ 33,048
Accounts receivable			924
Notes receivable			
Total assets	\$ 59,931	\$ 7,526	\$ 33,972
LIABILITIES			
Bills docketed	\$ 1,400	\$ 228	\$ 239
Due to other funds			
Total liabilities	1,400	228	239
FUND BALANCES			
Unreserved, undesignated	58,531	7,298	32,733
Total liabilities and fund balance	\$ 59,931	\$ 7,526	\$ 33,972

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

EXHIBIT "B"

Multiple Building	SEECB Fund	Rental Rehab Fund	Loan Repayment Fund	Loan Repayment Fund	Totals (Memorandum Only)
\$ 150	\$ 2,027	\$	\$ 9,001	\$ 9,481	\$ 121,144 924
		231,561	3,918	86,089	319,555
\$ 150	\$ 2,027	\$ 231,561	\$ 10,916	\$ 95,570	\$ 441,653
\$	\$	\$	\$	\$	\$ 1,864 0
					1,864
150	2,027	231,561	10,916	95,570	439,789
\$ 150	\$ 2,027	\$ 231,561	\$ 10,916	\$ 95,570	\$ 441,653

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SCHEDULE J-B
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR YEAR ENDED SEPTEMBER 30, 1992

	Municipal Fire Protection	Law Enforcement Fund	Road Maintenance Fund	Multiple Building Fund
REVENUES:				
State shared revenues	\$ 31,147	\$ 9,824	\$	\$
Intergovernmental		3,772	57,605	
Interest earned	1,428	326	1,758	
Program income				180
Total revenues	32,575	13,922	59,363	180
EXPENDITURES:				
Public safety	25,160	11,018		
Public works				
Health and welfare			61,576	
Total expenditures	25,160	11,018	61,576	0
Excess (deficiency) of revenues over (under) expenditures:	7,415	2,904	(2,213)	180
Other financing sources (uses):				
Discharge of note				
Transfer out				
Transfer in				
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses	7,415	2,904	(2,213)	180
Fund balances, October 1	51,116	4,397	35,946	
Fund balances, September 30	\$ 58,531	\$ 7,301	\$ 33,733	\$ 180

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

SEECB Fund	Rental Rehab Fund	Loan Repayment Fund	Loan Repayment Fund	Totals (Memorandum Only)
\$	\$ 27,573	\$	\$	\$ 40,971 88,950
	3,207	304	851	4,667 8,609
	30,780	394	6,002	143,193
				36,178 61,876 9,879
317	9,658			107,729
317	9,658	0	0	107,729
(317)	21,122	394	6,002	35,464
	(28,692)			(28,692)
	(1,250)		(1,958)	(3,208)
	3,208			3,208
(317)	(5,612)	394	4,051	6,772
2,344	237,173	10,822	91,519	433,017
\$ 2,027	\$ 231,561	\$ 10,916	\$ 95,570	\$ 439,789

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EXHIBIT "B"

SCHEDULE 4-1
CITY OF PETAL, MISSISSIPPI
DEBT SERVICE FUNDS
COMBINED BALANCE SHEET
SEPTEMBER 30, 1992

	2.5 Million Sewer Bond & Interest Fund	500 Bond and Interest Fund	Total (Memorandum Only)
ASSETS			
Cash	\$ 269,291	\$ 72,044	\$ 341,335
Cash held by fiscal agent	5,424	4,971	10,405
Due from other governments	1,345	4,782	6,127
Total assets	\$ 276,060	\$ 81,807	\$ 357,867
LIABILITIES			
Matured bond and interest due	\$ 21,822	\$ 4,271	\$ 26,093
Fund balance - reserved	254,237	76,826	331,063
Total liabilities and fund balance	\$ 276,060	\$ 81,807	\$ 357,867

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

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SCHEDULE 4-2
CITY OF PETAL, MISSISSIPPI
DEBT SERVICE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	2.5 Million Sewer Bond and Interest Fund	500 Bond and Interest Fund	Total (Memorandum Only)
REVENUES			
General property tax	\$ 279,098	\$ 289,113	\$ 568,211
Prior year tax	1,844	1,183	3,027
Penalty and interest	2,889	892	3,781
Interest earned	7,822	3,489	11,311
Total revenues	291,653	294,587	586,240
EXPENDITURES			
Debt Service			
Principal	138,000	160,000	298,000
Interest	184,873	120,260	305,133
Agent fees	17,828	258	18,086
Total expenditures	340,699	280,518	621,217
Excess (deficiency) of revenues over expenditures	(14,046)	13,982	(2,064)
Other Sources (Uses):			
Bond proceeds	1,370,000		1,370,000
Payment to refund bond accrued	(1,249,600)		(1,249,600)
Total other sources (uses)	120,400		120,400
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,382	13,982	18,364
Fund balance, October 1, 1991	249,813	52,251	302,064
Fund balance, September 30, 1992	\$ 254,237	\$ 76,826	\$ 331,063

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

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SCHEDULE 5-1
CITY OF PETAL, MISSISSIPPI
TRUST AND AGENCY FUNDS
COMBINED BALANCE SHEET
SEPTEMBER 30, 1992

	INSURANCE BENEFIT REVOLVING FUND	TAX COLLECTOR'S FUND	DEFERRED COMPENSATION FUND	TOTALS (MEMORANDUM ONLY)
ASSETS				
Cash in bank	\$14,350	\$ 12,861	\$ 264	\$ 27,475
Cash held by agent				
	\$14,350	\$ 12,861	\$ 264	\$ 27,475
LIABILITIES				
Due to other governments	\$ 0	\$ 260	\$ 0	\$ 260
Due to other funds			1	1
Deferred benefits payable	16,228		7,278	23,506
Total liabilities	16,228	260	7,278	23,766
Fund Balance	\$ 12,861	\$ 0	\$ 0	\$ 12,861
Total liabilities and fund balance	\$14,350	\$ 12,861	\$ 264	\$ 27,475

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

CITY OF PETAL
MINUTE BOOK 13

CITY OF PETAL, MISSISSIPPI
TRUST AND AGENCY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	INSURANCE BENEFIT FUND	REVOLVING FUND	TAX COLLECTOR'S FUND	DEFERRED COMPENSATION FUND	TOTALS (MEMORANDUM ONLY)
REVENUES					
Interest earned	\$	\$ 458	\$	\$	\$ 458
EXPENDITURES					
		0			0
Excess of revenue over expenditures		458			458
Fund balance - October 1, 1991		12,403			12,403
Fund balance - September 30, 1992	\$ 0	\$ 12,861	\$ 0	\$ 0	\$ 12,861

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

OTHER SUPPLEMENTAL INFORMATION

CITY OF PETAL, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 1992

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	50,000
Cecelia A. Breland	Water Depart- ment Cashier	Aetna Life	10,000
Ava Pickett	Deputy Tax Collector	Aetna Life	10,000
Teresa Cameron	Water Depart- ment Cashier	Aetna Life	10,000
Carolyn Graves	Deputy Tax Collector	Aetna Life	10,000
Donald J. Lee	Deputy Tax Collector	Aetna Life	10,000
Billy Wayne Murphy	Police Chief	Aetna Life	50,000

CITY OF PETAL, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 1992

EXHIBIT "B"

DEFINITION AND PURPOSE	BALANCE	TRANSACTIONS		BALANCE
	OUTSTANDING 10/1/91	DURING FISCAL YEAR ISSUED	REDEEMED	OUTSTANDING 9/30/92
General Obligation Bonds:				
Separate School District	\$2,090,000	\$	\$ 160,000	\$1,930,000
Sewer Refunding	0	1,370,000		1,370,000
Sewer	1,980,000		1,325,000	655,000
Refunding	645,000		30,000	615,000
Total	4,715,000	1,370,000	1,815,000	4,870,000
Revenue Bonds:				
Water & Sewer Series 1992	805,000		20,000	785,000
Total	805,000		20,000	785,000
Official Long-term Debt:				
Refunding notes payable	85,000		17,000	68,000
Sewer Abatement Note	226,842		20,822	206,020
Total	311,842		37,822	274,018
Capital Lease Payable:	11,220	42,321	20,357	33,884
TOTAL	\$5,913,469	\$1,412,321	\$1,893,247	\$5,732,543

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CITY OF PETAL, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 1992

ADJUSTED ASSESSED VALUATION	ASSESSED VALUE	TAX	
City:			
Realty	\$12,441,523		
Personal - other than auto	1,567,270		
Public utilities	3,619,544		
Personal - auto (remitted by county)	3,761,255		
Total City at 36.75 mills	21,389,732	\$ 786,073	
Less: Homestead exemption allowed		(84,407) \$ 701,666	
Add: Homestead reimbursement		33,873	
Separate School District:			
Realty	24,161,937		
Personal - other than auto	5,347,075		
Public utilities	5,797,290		
Personal - auto (remitted by county)	7,793,446		
Total SSD at 65.40 mills	43,119,748	2,877,381	
Less: Homestead exemption allowed		(256,650) 2,620,731	
Deduct: Commission to county		(38,424) (38,424)	
To be accounted for		\$3,317,646	
CREDITS	TAXES	HOMESTEAD REIMBURSEMENT	TOTAL
Collections Allocated To:			
General fund	\$ 400,548	\$ 33,873	\$ 434,421
2.5 million sewer bond and interest fund	278,958		278,958
SSD bond fund	289,113		289,113
Library fund	23,943		23,943
School district	1,551,255		1,551,255
Totals	2,543,817	33,873	2,577,690
Balance represented by:			
Auto ad valorem remitted directly to schools by county		505,310	
Homestead exemption received directly by school district		194,121	
Uncollected		26,787	
Unaccounted for		13,728	
Total accounted for			739,946
			\$3,317,646

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CITY OF PETAL, MISSISSIPPI
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant/Contract Number
U.S. Department of HUD		
CDBG - Rental Rehabilitation	14.230	R848G280103
CDBG - Rental Rehabilitation	14.230	R898G28010343A
CDBG - Rental Rehabilitation	14.230	R908G28010343A
CDBG - Rental Rehabilitation	14.230	R918G28010343A
MAJOR PROGRAM		
CDBG - Small Cities Grant	14.228	0-1135-112-PF-01
Total Department of HUD		
Other Federal Assistance		
U.S. Department of Justice	N/A	N/A
Total Federal Assistance		

EXHIBIT "B"

Grant Funds Received FYR 9/30/92	Grant Funds Expended FYR 9/30/92	Other Revenue FYR 9/30/92
\$ 0	\$ 0	\$10,163
0	0	0
2,425	2,425	0
<u>25,138</u>	<u>25,138</u>	0
<u>27,573</u>	<u>27,573</u>	<u>10,163</u>
**466,000	466,000	0
<u>492,573</u>	<u>492,573</u>	<u>10,163</u>
<u>3,772</u>	<u>3,772</u>	0
<u>\$497,345</u>	<u>\$497,345</u>	<u>\$ 10,163</u>

* Includes principal and interest on note repayments per grant agreement.
** Total remitted was \$469,000, however, \$3,000 was accrued at 9/30/91.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
Petal, Mississippi

We have audited the general purpose financial statements of the City of Petal, Mississippi, for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of City of Petal, Mississippi, for the year ended September 30, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City of Petal, Mississippi, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting

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City of Petal, Mississippi
Page 2
December 12, 1992

principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies in the following categories:

1. Revenue/receipts
2. Purchasing/disbursements
3. Payroll
4. General requirements
5. Specific requirements

For all of the control categories listed above we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the City of Petal, Mississippi, in a separate letter dated December 12, 1992.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Wright, King & Company, P.A.
Wright, King & Company, P.A.

Hattiesburg, Mississippi
December 12, 1992

EXHIBIT "B"

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SINGLE AUDIT REPORT ON INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the general purpose financial statements of the City of Petal, Mississippi, for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992. We have also audited our report thereon dated December 12, 1992, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 12, 1992.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, AMPLIFICATION OF OMB CIRCULAR A-133. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether the City of Petal, Mississippi, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1992, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the City's general purpose financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 12, 1992.

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City of Petal, Mississippi
Page 2
December 12, 1992

The management of the City of Petal, Mississippi, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Activity Codes
 - 1. Revenue/receipts
 - 2. Purchasing/disbursements
 - 3. Payroll/personnel
- General Requirements
 - 1. Political Activity
 - 2. Davis-Bacon Act
 - 3. Civil Right
 - 4. Cash Management
 - 5. Allowable costs/cost principles
 - 6. Drug-free Workplace
 - 7. Administrative requirements
- Specific Requirements
 - 1. Types of services
 - 2. Matching, level of effort and earmarking

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City of Petal, Mississippi
Page 3
December 12, 1992

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1992, the City of Petal, Mississippi, expended 67% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our considerations of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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City of Petal, Mississippi
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December 12, 1992

However, we noted certain matters involving the internal control structure and its operations that we have reported to the management of the City of Petal, Mississippi, in a separate letter dated December 12, 1992. **EXHIBIT "B"**

This report is intended for the information of the management. However, this report is a matter of public record and its distribution is not limited.

Wright, King & Co., P.A.
Wright, King & Co., P.A.

Hattiesburg, Mississippi
December 12, 1992

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the general purpose financial statements of the City of Petal, Mississippi as of and for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments" and the Compliance Supplements for Audits of Mississippi Municipalities". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Petal, Mississippi, is the responsibility of the City of Petal, Mississippi, management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. We also considered those compliance matters comprehended in the "Compliance Supplement for Audits of Mississippi Municipalities" as promulgated by the State Department of Audit.

The results of our tests indicate that with respect to the items tested, the City of Petal, Mississippi, complied in all material respects, with the provisions referred to in the preceding

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City of Petal, Mississippi
Page 2
December 12, 1992

paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those provisions.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Wright, King & Company, P.A.
WRIGHT, KING & COMPANY, P.A.

Hattiesburg, Mississippi
December 12, 1992

CITY OF PETAL
MINUTE BOOK 13
Wright, King and Company, P.A.

PAGE 428

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EXHIBIT "B"

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Mayor and Board of Aldermen
Petal, Mississippi

We have audited the financial statements of the City of Petal, Mississippi, as of and for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

We have also audited the City of Petal, Mississippi compliance with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended September 30, 1992. The management of the City of Petal, Mississippi, is responsible for the City of Petal, Mississippi, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Petal, Mississippi, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any noncompliance with the requirements referred to above.

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City of Petal, Mississippi
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December 12, 1992

In our opinion, the City of Petal, Mississippi, complied, in all matter respects, with the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1992.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Wright, King & Co., P.A.
Wright, King & Co., P.A.

Hattiesburg, Mississippi
December 12, 1992

Wright, King and Company, P.A.

Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Mayor and Board of Aldermen
Petal, Mississippi

We have audited the financial statements of the City of Petal, Mississippi, as of and for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

We have applied procedures to test the City of Petal, Mississippi, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended, September 30, 1992.

1. Political activity
2. Davis-Bacon Act
3. Civil Rights
4. Cash Management
5. Allowable cost/cost principles
6. Drug-free Workplaces
7. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Petal, Mississippi, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Petal, Mississippi, had not complied, in all material respects, with those requirements.

City of Petal, Mississippi
Page 2
December 12, 1992

EXHIBIT "B"
This report is intended for the information of Management. However, this report is a matter of public record and its distribution is not limited.

Wright, King & Co., P.A.
Wright, King & Co., P.A.

Hattiesburg, Mississippi
December 12, 1992

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Mayor and Board of Aldermen
Petal, Mississippi

We have audited the financial statements of the City of Petal, Mississippi, as of and for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

In connection with our audit of the 1992 general purpose financial statements of the City of Petal, Mississippi, and with our consideration of the City of Petal, Mississippi, internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1992.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and cost allocation that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Petal, Mississippi, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Petal, Mississippi, had not complied, in all material respects, with those requirements.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Wright, King & Co., P.A.
Wright, King & Co., P.A.

Hattiesburg, Mississippi
December 12, 1992

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Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the general purpose financial statements of the City of Petal, Mississippi, for the year ended September 30, 1992, and have issued our report thereon dated December 12, 1992.

We conducted our audit in accordance with generally accepted auditing standards and procedures prescribed by the State Auditor, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

During the course of our audit, we made suggestions and recommendations which management should consider to allow for better and more efficient operation. No matters were detected which would have a material effect on the financial statements or involve noncompliance with state laws and regulations, weaknesses in the City's system of internal controls and deviations from generally accepted accounting principles.

However, we noted the following non-material weakness in internal control:

Finding - Federal grant cash reports were not reconciled to general ledger.

Response - Neel-Schaffer is more closely monitoring grant personnel assigned to City project.

We appreciate the opportunity to provide your audit services and look forward to working with you throughout the year.

Wright, King & Co., P.A.
WRIGHT, KING & CO., P.A.

Hattiesburg, Mississippi
December 12, 1992

STANDARD FORM OF AGREEMENT "C"
BETWEEN
OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT made as of February, 1993
between City of Petal, Mississippi

_____ (OWNER) and
Shows, Dearman & Waits, Inc.
_____ (ENGINEER).

OWNER intends to Construct sanitary sewer extensions to four (4)
areas of the City to serve previously unsewered customers and to
obtain SRF funding from the State of Mississippi.

_____ (hereinafter called the Project).

OWNER and ENGINEER in consideration of their mutual covenants herein agree in respect of the performance of professional engineering services by ENGINEER and the payment for those services by OWNER as set forth below.

SECTION I—BASIC SERVICES OF ENGINEER

1.1. General.

1.1.1. ENGINEER shall provide for OWNER professional engineering services in all phases of the Project to which this Agreement applies as hereinafter provided. These services will include serving as OWNER's professional engineering representative for the Project, providing professional engineering consultation and advice and furnishing customary civil, structural, mechanical and electrical engineering services and customary architectural services incidental thereto.

1.2. Study and Report Phase.

After written authorization to proceed, ENGINEER shall:

1.2.1. Consult with OWNER to clarify and define OWNER's requirements for the Project and review available data.

1.2.2. Advise OWNER as to the necessity of OWNER's providing or obtaining from others data or services of the types described in paragraph 3.3, and assist OWNER in obtaining such data and services.

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1.2.3. Identify and analyze requirements of governmental authorities having jurisdiction to approve the design of the Project and participate in consultations with such authorities.

1.2.4. Provide analyses of OWNER's needs, planning surveys, site evaluations and comparative studies of prospective sites and solutions.

1.2.5. Provide a general economic analysis of OWNER's requirements applicable to various alternatives.

1.2.6. Prepare a Report containing schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate clearly the considerations involved (including applicable requirements of governmental authorities having jurisdiction as aforesaid) and the alternative solutions available to OWNER and setting forth ENGINEER's findings and recommendations. This Report will be accompanied by ENGINEER's opinion of probable costs for the Project, including the following which will be separately itemized: Construction Cost, allowance for engineering costs and contingencies, and (on the basis of information furnished by OWNER) allowances for such other items as charges of all other professionals and consultants, for the cost of land and rights-of-way, for compensation for or damages to properties, for interest and financing charges and for other services to be provided by others for Owner pursuant to paragraphs 3.7 through 3.11, inclusive. The total of all such costs, allowances, etc. are hereinafter called "Total Project Costs".

1.2.7. Furnish five copies of the Study and Report documents and review them in person with OWNER.

The duties and responsibilities of ENGINEER during the Study and Report Phase are amended and supplemented as indicated in paragraph 2 of Exhibit A "Further Descriptions of Basic Engineering Services and Related Matters".

1.3. Preliminary Design Phase.

After written authorization to proceed with the Preliminary Design Phase, ENGINEER shall:

1.3.1. In consultation with OWNER and on the basis of the accepted Study and Report documents, determine the general scope, extent and character of the Project.

1.3.2. Prepare Preliminary Design documents consisting of final design criteria, preliminary drawings, outline specifications and written descriptions of the Project.

1.3.3. Advise OWNER if additional data or services of the types described in paragraph 3.4 are necessary and assist OWNER in obtaining such data and services.

1.3.4. Based on the information contained in the preliminary design documents, submit a revised opinion of probable Total Project Costs.

1.3.5. Furnish five copies of the above Preliminary Design documents and present and review them in person with OWNER.

The duties and responsibilities of ENGINEER during the Preliminary Design Phase are amended and supplemented as indicated in paragraph 3 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

1.4. Final Design Phase.

After written authorization to proceed with the Final Design Phase, ENGINEER shall:

1.4.1. On the basis of the accepted Preliminary Design documents and the revised opinion of probable Total Project Costs prepare for incorporation in the Contract Documents final drawings to show the general scope, extent and character of the work to be furnished and performed by Contractor(s) (hereinafter called "Drawings") and Specifications (which will be prepared in conformance with the sixteen division format of the Construction Specifications Institute).

1.4.2. Provide technical criteria, written descriptions and design data for OWNER's use in filing applications for permits with or obtaining approvals of such governmental authorities as have jurisdiction to approve the design of the Project, and assist OWNER in consultations with appropriate authorities.

1.4.3. Advise OWNER of any adjustments to the latest opinion of probable Total Project Costs caused by changes in general scope, extent or character or design requirements of the Project or Construction Costs. Furnish to OWNER a revised opinion of probable Total Project Costs based on the Drawings and Specifications.

1.4.4. Prepare for review and approval by OWNER, its legal counsel and other advisors contract agreement forms, general conditions and supplementary conditions, and (where appropriate) bid forms, invitations to bid and instructions to bidders (all of which shall be consistent with the forms and pertinent guide sheets

prepared by the Engineers Joint Committee (Construction Phase. Committee), and assist in the preparation of other related documents.

1.4.5. Furnish five copies of the above documents and of the Drawings and Specifications and present and review them in person with OWNER.

EXHIBIT

The duties and responsibilities of ENGINEER during the Final Design Phase are amended and supplemented as indicated in paragraph 4 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

1.5. Bidding or Negotiating Phase.

After written authorization to proceed with the Bidding or Negotiating Phase, ENGINEER shall:

1.5.1. Assist OWNER in advertising for and obtaining bids or negotiating proposals for each separate prime contract for construction, materials, equipment and services; and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-bid conferences and receive and process deposits for Bidding Documents.

1.5.2. Issue addenda as appropriate to interpret, clarify or expand the Bidding Documents.

1.5.3. Consult with and advise OWNER as to the acceptability of subcontractors, suppliers and other persons and organizations proposed by the prime contractor(s) (herein called "Contractor(s)") for those portions of the work as to which such acceptability is required by the Bidding Documents.

1.5.4. Consult with OWNER concerning and determine the acceptability of substitute materials and equipment proposed by Contractor(s) when substitution prior to the award of contracts is allowed by the Bidding Documents.

1.5.5. Attend the bid opening, prepare bid tabulation sheets and assist OWNER in evaluating bids or proposals and in assembling and awarding contracts for construction, materials, equipment and services.

The duties and responsibilities of ENGINEER during the Bidding or Negotiating Phase are amended and supplemented as indicated in paragraph 5 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

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responsibilities assigned to and undertaken by ENGINEER during the Construction Phase, and, in addition, by exercise of ENGINEER's efforts as an experienced and qualified design professional, to provide for OWNER a greater degree of confidence that the completed work of Contractor(s) will conform generally to the Contract Documents and that the integrity of the design concept as reflected in the Contract Documents has been implemented and preserved by Contractor(s). On the other hand, ENGINEER shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over Contractor(s)' work nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s), for safety precautions and programs incident to the work of Contractor(s) or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes or orders applicable to Contractor(s) furnishing and performing their work. Accordingly, ENGINEER can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' failure to furnish and perform their work in accordance with the Contract Documents.

1.6.3. *Defective Work.* During such visits and on the basis of such observations, ENGINEER may disapprove of or reject Contractor(s)' work while it is in progress if ENGINEER believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the Project as reflected in the Contract Documents.

1.6.4. *Interpretations and Clarifications.* ENGINEER shall issue necessary interpretations and clarifications of the Contract Documents and in connection therewith prepare work directive changes and change orders as required.

1.6.5. *Shop Drawings.* ENGINEER shall review and approve (or take other appropriate action in respect of) Shop Drawings (as that term is defined in the aforesaid Standard General Conditions), samples and other data which Contractor(s) are required to submit, but only for conformance with the design concept of the Project and compliance with the information given in the Contract Documents. Such reviews and approvals or other action shall not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.

1.6.6. *Substitutes.* ENGINEER shall evaluate and determine the acceptability of substitute materials and

During the Construction Phase:

1.6.1. *General Administration of Construction Contract.* ENGINEER shall consult with and advise OWNER and act as OWNER's representative as provided in Articles I through 17, inclusive, of the Standard General Conditions of the Construction Contract, No. 1910-8 (1983 edition) of the Engineers Joint Contract Documents Committee. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said Standard General Conditions shall not be modified, except to the extent provided in paragraph 6 of Exhibit A "Further Description of Basic Engineering Services and Related Matters" and except as ENGINEER may otherwise agree in writing. All of OWNER's instructions to Contractor(s) will be issued through ENGINEER who will have authority to act on behalf of OWNER to the extent provided in said Standard General Conditions except as otherwise provided in writing.

1.6.2. *Visits to Site and Observation of Construction.* In connection with observations of the work of Contractor(s) while it is in progress:

1.6.2.1. ENGINEER shall make visits to the site at intervals appropriate to the various stages of construction as ENGINEER deems necessary in order to observe as an experienced and qualified design professional the progress and quality of the various aspects of Contractor(s)' work. In addition, ENGINEER shall provide the services of a Resident Project Representative (and assistants as agreed) at the site to assist ENGINEER and to provide more continuous observation of such work. Based on information obtained during such visits and on such observations, ENGINEER shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and ENGINEER shall keep OWNER informed of the progress of the work.

1.6.2.2. The Resident Project Representative (and any assistants) will be ENGINEER's agent or employee and under ENGINEER's supervision. The duties and responsibilities of the Resident Project Representative (and assistants) are set forth in Exhibit B "Duties, Responsibilities and Limitation of Authority of Resident Project Representative".

1.6.2.3. The purpose of ENGINEER's visits to and representation by the Resident Project Representative (and assistants, if any) at the site will be to enable ENGINEER to better carry out the duties and

equipment proposed by Contractor(s), but subject to the provision of paragraph 2.2.2.

1.6.7. *Inspections and Tests.* ENGINEER shall have authority, as OWNER's representative, to require special inspection or testing of the work, and shall receive and review all certificates of inspections, testings and approvals required by laws, rules, regulations, ordinances, codes, orders or the Contract Documents (but only to determine generally that their content complies with the requirements of, and the results certified indicate compliance with, the Contract Documents).

1.6.8. *Disputes between OWNER and Contractor.* ENGINEER shall act as initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work. ENGINEER shall not be liable for the results of any such interpretations or decisions rendered in good faith.

1.6.9. *Applications for Payment.* Based on ENGINEER's on-site observations as an experienced and qualified design professional, on information provided by the Resident Project Representative and on review of applications for payment and the accompanying data and schedules:

1.6.9.1. ENGINEER shall determine the amounts owing to Contractor(s) and recommend in writing payments to Contractor(s) in such amounts. Such recommendations of payment will constitute a representation to OWNER, based on such observations and review, that the work has progressed to the point indicated, and that, to the best of ENGINEER's knowledge, information and belief, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of such work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation). In the case of unit price work, ENGINEER's recommendations of payment will include final determinations of quantities and classifications of such work (subject to any subsequent adjustments allowed by the Contract Documents).

1.6.9.2. By recommending any payment ENGINEER will not thereby be deemed to have represented that exhaustive, continuous or detailed reviews or examinations have been made by ENGINEER to check the quality or quantity of Contractor(s)' work

1.7. Operational Phase.

~~ENGINEER shall be responsible for the Operational Phase of the Project as requested by OWNER.~~

EXHIBIT "C"

~~1.7.1. Provide assistance in checking of any financial records submitted for the Project.~~

~~1.7.2. Provide assistance in construction of the building and adjusting of equipment in operation.~~

~~1.7.3. Assist OWNER in training OWNER's staff in operation of the building.~~

~~1.7.4. Assist OWNER in developing systems and procedures for the operation and maintenance of the building.~~

1.7.5. Prepare a set of reproducible record prints of Drawings showing those changes made during the construction process, based on the marked-up prints, drawings and other data furnished by Contractor(s) to ENGINEER and which ENGINEER considers significant.

1.7.6. In company with OWNER, visit the Project to observe any apparent defects in the completed construction, assist OWNER in consultations and discussions with Contractor(s) concerning correction of such deficiencies, and make recommendations as to replacement or correction of defective work.

The duties and responsibilities of ENGINEER during the Operational Phase are amended and supplemented as indicated in paragraph 7 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

SECTION 2—ADDITIONAL SERVICES OF ENGINEER

2.1. Services Requiring Authorization in Advance.

If authorized in writing by OWNER, ENGINEER shall furnish or obtain from others Additional Services of the types listed in paragraphs 2.1.1 through 2.1.14, inclusive. These services are not included as part of Basic Services except to the extent provided otherwise in Exhibit A "Further Description of Basic Engineering Services and Related Matters"; these will be paid for by OWNER as indicated in Section 5.

1.6.10. *Contractors' Completion Documents.* ENGINEER shall receive and review maintenance and operating instructions, schedules, guarantees, bonds and certificates of inspection, tests and approvals which are to be assembled by Contractor(s) in accordance with the Contract Documents (but such review will only be to determine that their content complies with the requirements of, and in the case of certificates of inspection, tests and approvals the results certified indicate compliance with, the Contract Documents); and shall transmit them to OWNER with written comments.

1.6.11. *Inspections.* ENGINEER shall conduct an inspection to determine if the work is substantially complete and a final inspection to determine if the completed work is acceptable so that ENGINEER may recommend, in writing, final payment to Contractor(s) and may give written notice to OWNER and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but any such recommendation and notice will be subject to the limitations expressed in paragraph 1.6.9.2.

1.6.12. *Limitation of Responsibilities.* ENGINEER shall not be responsible for the acts or omissions of any Contractor, or of any subcontractor or supplier, or any of the Contractor(s)' or subcontractor's or supplier's agents or employees or any other persons (except ENGINEER's own employees and agents) at the site or otherwise furnishing or performing any of the Contractor(s)' work; however, nothing contained in paragraphs 1.6.1 thru 1.6.11 inclusive, shall be construed to release ENGINEER from liability for failure to prop-

2.1.1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans or advances in connection with the Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effect on the design requirements of the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2.1.2. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by OWNER.

2.1.3. Services resulting from significant changes in the general scope, extent or character of the Project or its design including, but not limited to, changes in size, complexity, OWNER's schedule, character of construction or method of financing; and revising previously accepted studies, reports, design documents or Contract Documents when such revisions are required by changes in laws, rules, regulations, ordinances, codes or orders enacted subsequent to the preparation of such studies, reports or documents, or are due to any other causes beyond ENGINEER'S control.

2.1.4. Providing renderings or models for OWNER'S use.

2.1.5. Preparing documents for alternate bids requested by OWNER for Contractor(s)' work which is not executed or documents for out-of-sequence work.

2.1.6. Investigations and studies involving, but not limited to, detailed consideration of operations, maintenance and overhead expenses; providing value engineering during the course of design; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules and appraisals; assistance in obtaining financing for the Project; evaluating processes available for licensing and assisting OWNER in obtaining process licensing; detailed quantity surveys of material, equipment and labor; and audits or inventories required in connection with construction performed by OWNER.

2.1.7. Furnishing services of independent professional associates and consultants for other than Basic Services (which include, but are not limited to, customary civil, structural, mechanical and electrical engineering and customary architectural design incidental thereto); and providing data or services of the types described in

paragraph 3.4 when OWNER employs ENGINEER to provide such data or services in lieu of furnishing the same in accordance with paragraph 3.4.

2.1.8. If ENGINEER'S compensation is on the basis of a lump sum or percentage of Construction Cost or cost-plus a fixed fee method of payment, services resulting from the award of more separate prime contracts for construction, materials or equipment for the Project than are contemplated by paragraph 5.1.1.2. If ENGINEER'S compensation is on the basis of a percentage of Construction Cost and ENGINEER has been required to prepare Contract Documents on the assumption that more than one prime contract will be awarded for construction, materials and equipment, but only one prime contract is awarded for construction, materials and equipment for the Project, services attributable to the preparation of contract documentation that was rendered unuseable and any revisions or additions to contract documentation used that was necessitated by the award of only one prime contract.

2.1.9. Services during out-of-town travel required of ENGINEER other than visits to the site or OWNER'S office as required by Section 1.

2.1.10. Assistance in connection with bid protests, rebidding or renegotiating contracts for construction, materials, equipment or services, except when such assistance is required to complete services called for in paragraph 6.2.2.5.

2.1.11. Providing any type of property surveys or related engineering services needed for the transfer of interests in real property and field surveys for design purposes and engineering surveys and staking to enable Contractor(s) to proceed with their work; and providing other special field surveys.

2.1.12. Preparation of operating, maintenance and staffing manuals to supplement Basic Services under paragraph 1.7.3.

2.1.13. Preparing to serve or serving as a consultant or witness for OWNER in any litigation, arbitration or other legal or administrative proceeding involving the Project (except for assistance in consultations which is included as part of Basic Services under paragraphs 1.2.3 and 1.4.2).

2.1.14. Additional services in connection with the Project, including services which are to be furnished by OWNER in accordance with Article 3, and services not otherwise provided for in this Agreement.

2.2. Required Additional Services.

When required by the Contract Documents in circumstances beyond ENGINEER's control. ENGINEER shall furnish or obtain from others, as circumstances require during construction and without waiting for specific authorization from OWNER. Additional Services of the types listed in paragraphs 2.2.1 through 2.2.6, inclusive (except to the extent otherwise provided in Exhibit A "Further Description of Basic Engineering Services and Related Matters"). These services are not included as part of Basic Services. ENGINEER shall advise OWNER promptly after starting any such Additional Services which will be paid for by OWNER as indicated in Section 5.

2.2.1. Services in connection with work directive changes and change orders to reflect changes requested by OWNER if the resulting change in compensation for Basic Services is not commensurate with the additional services rendered.

2.2.2. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitutions proposed by Contractor(s); and services after the award of each contract in evaluating and determining the acceptability of an unreasonable or excessive number of substitutions proposed by Contractor.

2.2.3. Services resulting from significant delays, changes or price increases occurring as a direct or indirect result of material, equipment or energy shortages.

2.2.4. Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work of any Contractor, (3) acceleration of the progress schedule involving services beyond normal working hours, and (4) default by any Contractor.

2.2.5. Services (other than Basic Services during the Operational Phase) in connection with any partial utilization of any part of the Project by OWNER prior to Substantial Completion.

2.2.6. Evaluating an unreasonable or extensive number of claims submitted by Contractor(s) or others in connection with the work.

SECTION 3—OWNER'S RESPONSIBILITIES

OWNER shall do the following in a timely manner so as not to delay the services of ENGINEER:

otherwise in Exhibit A "Further Description of Basic Engineering Services and Related Matters") to enable Contractor(s) to proceed with the layout of the work.

3.6. Arrange for access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform services under this Agreement.

3.7. Examine all studies, reports, sketches, Drawings, Specifications, proposals and other documents presented by ENGINEER, obtain advice of an attorney, insurance counselor and other consultants as OWNER deems appropriate for such examination and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of ENGINEER.

3.8. Furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.

3.9. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the Project including any that may be raised by Contractor(s), such auditing service as OWNER may require to ascertain how or for what purpose any Contractor has used the moneys paid under the construction contract, and such inspection services as OWNER may require to ascertain that Contractor(s) are complying with any law, rule, regulation, ordinance, code or order applicable to their furnishing and performing the work.

3.10. If OWNER designates a person to represent OWNER at the site who is not ENGINEER or ENGINEER's agent or employee, the duties, responsibilities and limitations of authority of such other person and the affect thereof on the duties and responsibilities of ENGINEER and the Resident Project Representative (and any assistants) will be set forth in an exhibit that is to be identified, attached to and made a part of this Agreement before such services begin.

3.11. If more than one prime contract is to be awarded for construction, materials, equipment and services for the entire Project, designate a person or organization to have authority and responsibility for coordinating the activities among the various prime contractors.

3.12. Furnish to ENGINEER data or estimated figures as to OWNER's anticipated costs for services to be provided by others for OWNER (such as services pursuant to paragraphs 2.2 through 2.11, inclusive and

2.12) designating a person to act as OWNER's representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions with respect to ENGINEER's services for the Project.

3.2. Provide all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications.

3.3. Assist ENGINEER by placing at ENGINEER's disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project.

3.4. Furnish to ENGINEER, as required for performance of ENGINEER's Basic Services (except to the extent provided otherwise in Exhibit A "Further Description of Basic Engineering Services and Related Matters"), the following:

3.4.1. data prepared by or services of others, including without limitation borings, probings and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment;

3.4.2. appropriate professional interpretations of all of the foregoing;

3.4.3. environmental assessment and impact statements;

3.4.4. property, boundary, easement, right-of-way, topographic and utility surveys;

3.4.5. property descriptions;

3.4.6. zoning, deed and other land use restriction; and

3.4.7. other special data or consultations not covered in Section 2;

all of which ENGINEER may use and rely upon in performing services under this Agreement.

3.5. Provide engineering surveys to establish reference points for construction (except to the extent provided

other costs of the types referred to in paragraph 1.2.6) so that ENGINEER may make the necessary findings to support opinions of probable Total Project Costs.

3.13. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings and substantial completion inspections and final payment inspections.

3.14. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of any development that affects the scope or timing of ENGINEER's services, or any defect or non-conformance in the work of any Contractor.

3.15. Furnish, or direct ENGINEER to provide, Additional Services as stipulated in paragraph 2.1 of this Agreement or other services as required.

3.16. Bear all costs incident to compliance with the requirements of this Section 3.

SECTION 4—PERIODS OF SERVICE

4.1. The provisions of this Section 4 and the various rates of compensation for ENGINEER's services provided for elsewhere in this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion of the Construction Phase. ENGINEER's obligation to render services hereunder will extend for a period which may reasonably be required for the design, award of contracts, construction and initial operation of the Project including extra work and required extensions thereto. If in Exhibit A "Further Description of Basic Engineering Services and Related Matters" specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided and if such dates are exceeded through no fault of ENGINEER, all rates, measures and amounts of compensation provided herein shall be subject to equitable adjustment.

4.2. The services called for in the Study and Report Phase will be completed and the Report submitted within the stipulated period indicated in paragraph 2 of Exhibit A "Further Description of Basic Engineering Services and Related Matters" after written authorization to proceed with that phase of services which will be given by OWNER within thirty days after ENGINEER has signed this Agreement.

4.3. After acceptance by OWNER of the Study and Report Phase (documents indicating any specific mod-

ifications or changes in the general scope, extent or character of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall proceed with the performance of the services called for in the Preliminary Design Phase, and shall submit preliminary design documents and a revised opinion of probable Total Project Costs within the stipulated period indicated in paragraph 3 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

4.4. After acceptance by OWNER of the Preliminary Design Phase documents and revised opinion of probable Total Project Costs, indicating any specific modifications or changes in the general scope, extent or character of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall proceed with the performance of the services called for in the Final Design Phase; and shall deliver Contract Documents and a revised opinion of probable Total Project Costs for all work of Contractor(s) on the Project within the stipulated period indicated in paragraph 4 of Exhibit A "Further Description of Basic Engineering Services and Related Matters".

4.5. ENGINEER's services under the Study and Report Phase, Preliminary Design Phase and Final Design Phase shall each be considered complete at the earlier of (1) the date when the submissions for that phase have been accepted by OWNER or (2) thirty days after the date when such submissions are delivered to OWNER for final acceptance, plus in each case such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction to approve the design of the Project.

4.6. After acceptance by OWNER of the ENGINEER's Drawings, Specifications and other Final Design Phase documentation including the most recent opinion of probable Total Project Costs and upon written authorization to proceed, ENGINEER shall proceed with performance of the services called for in the Bidding or Negotiating Phase. This Phase shall terminate and the services to be rendered thereunder shall be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractor(s) (except as may otherwise be required to complete the services called for in paragraph 6.2.2.5).

4.7. The Construction Phase will commence with the execution of the first prime contract to be executed for the work of the Project or any part thereof, and will terminate upon written recommendation by ENGINEER of final payment on the last prime contract to

MINUTE BOOK 13
 Construction Phase services may be rendered at different times in respect of separate prime contracts if the Project involves more than one prime contract.

4.8. The Operational Phase will commence during the Construction Phase and will terminate one year after the date of Substantial Completion of the last prime contract for construction, materials and equipment on which substantial completion is achieved.

4.9. If OWNER has requested significant modifications or changes in the general scope, extent or character of the Project, the time of performance of ENGINEER's services shall be adjusted equitably.

4.10. If OWNER fails to give prompt written authorization to proceed with any phase of services after completion of the immediately preceding phase, or if the Construction Phase has not commenced within _____ calendar days (plus such additional time as may be required to complete the services called for under paragraph 6.2.2.5) after completion of the Final Design Phase, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this Agreement.

4.11. If ENGINEER's services for design or during construction of the Project are delayed or suspended in whole or in part by OWNER for more than three months for reasons beyond ENGINEER's control, ENGINEER shall on written demand to OWNER (but without termination of this Agreement) be paid as provided in paragraph 5.3.2. If such delay or suspension extends for more than one year for reasons beyond ENGINEER's control, or if ENGINEER for any reason is required to render Construction Phase services in respect of any prime contract for construction, materials or equipment more than one year after Substantial Completion is achieved under that contract, the various rates of compensation provided for elsewhere in this Agreement shall be subject to equitable adjustment.

4.12. In the event that the work designed or specified by ENGINEER is to be furnished or performed under more than one prime contract, or if ENGINEER's services are to be separately sequenced with the work of one or more prime contractors (such as in the case of fast-tracking), OWNER and ENGINEER shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ENGINEER's services during the Final Design, Bidding or Negotiating and Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate contracts. This schedule is

to be prepared whether or not the work under such contracts is to proceed concurrently and is to be included in Exhibit A "Further Description of Basic Engineering

Services and Related Matters", and the provisions of paragraphs 4.4 through 4.10 inclusive, will be modified accordingly.

SECTION 5—PAYMENTS TO ENGINEER

5.1. Methods of Payment for Services and Expenses of ENGINEER. EXHIBIT

5.1.1. For Basic Services. OWNER shall pay ENGINEER for Basic Services rendered under Section 1 (as amended and supplemented by Exhibit A "Further Description of Basic Engineering Services and Related Matters") as follows:

5.1.1.1. One Prime Contract. If only one prime contract is awarded for construction, materials and equipment for the Project, an amount equal to 12.1644 % of the Construction Cost for all Basic Services (except services of ENGINEER's Resident Project Representative (and assistants) furnished under paragraph 1.6.2.1 and Operational Phase services furnished under paragraph 1.7); but, if the prime contract contains cost-plus or incentive savings provisions for the Contractor's basic compensation, an amount equal to N/A % of the Construction Cost for such services.

5.1.1.2. Several Prime Contracts. If more than one but less than N/A separate prime contracts are awarded for construction, materials and equipment for the Project, an amount equal to N/A % of the Construction Cost for all Basic Services (except services of ENGINEER's Resident Project Representative (and assistants) furnished under paragraph 1.6.2.1 and Operational Phase services furnished under paragraph 1.7); but, if any prime contract contains cost-plus or incentive savings provisions for Contractor's basic compensation, N/A % of the Construction Cost for such services.

5.1.1.3. Resident Project Services. For services of ENGINEER's Resident Project Representative (and assistants) furnished under paragraph 1.6.2.1, on the basis of Salary Costs times a factor of 3 for services rendered by principals and employees assigned to resident Project representation.

5.1.1.4. Operational Phase Services. For Operational Phase services furnished under paragraph 1.7, an amount equal to ENGINEER's Salary Costs times a factor of 3 for services rendered by principals and employees engaged directly on the Project.

5.1.2 For Additional Services. OWNER shall pay ENGINEER for Additional Services rendered under Section 2 as follows:

5.1.2.1. General. For Additional Services of ENGINEER's principals and employees engaged directly on the Project and rendered pursuant to paragraph 2.1 or 2.2 (except services as a consultant or witness under paragraph 2.1.13), on the basis of ENGINEER's Salary Costs times a factor of 3.

5.1.2.2. Professional Associates and Consultants. For services and Reimbursable Expenses of independent professional associates and consultants employed by ENGINEER to render Additional Services pursuant to paragraph 2.1 or 2.2, the amount billed to ENGINEER therefor times a factor of 1.25.

5.1.2.3. Serving as a Witness. For services rendered by ENGINEER's principals and employees as consultants or witnesses in any litigation, arbitration or other legal or administrative proceeding in accordance with paragraph 2.1.13, at the rate of \$ 750 per day or any portion thereof (but compensation for time spent in preparing to appear in any such litigation, arbitration or proceeding will be on the basis provided in paragraph 5.1.2.1). Compensation for ENGINEER's independent professional associates and consultants will be on the basis provided in paragraph 5.1.2.2.

5.1.3. For Reimbursable Expenses. In addition to payments provided for in paragraphs 5.1.1 and 5.1.2, OWNER shall pay ENGINEER the actual costs of all Reimbursable Expenses incurred in connection with all Basic and Additional Services.

5.1.4. As used in this paragraph 5.1, the terms "Salary Costs" and "Reimbursable Expenses" have the meanings assigned to them in paragraph 5.4, and the term "Construction Cost" has the meaning assigned to it in paragraph 6.1. When Construction Cost is used as a basis for payment it will be based on one of the following sources with precedence in the order listed for work designed or specified by ENGINEER:

5.1.4.1. For completed construction work, the total cost of all work performed as designed or specified by ENGINEER.

5.1.4.2. For work designed or specified but not constructed, the lowest bona fide bid received from a qualified bidder for such work; or, if the work is not bid, the lowest bona fide negotiated proposal for such work.

5.1.4.3. For work designed or specified but not constructed upon which no such bid or proposal is received, the most recent estimate of Construction Cost, or, if none is available, ENGINEER's most recent opinion of probable Construction Cost.

Labor furnished by OWNER for the Project will be included in the Construction Cost at current market rates including a reasonable allowance for overhead and profit. Materials and equipment furnished by OWNER will be included at current market prices. No deduction is to be made from Construction Costs on account of any penalty, liquidated damages, or other amounts withheld from payments to Contractor(s).

5.2. Times of Payments.

5.2.1. ENGINEER shall submit monthly statements for Basic and Additional Services rendered and for Reimbursable Expenses incurred. The statements will be based upon ENGINEER's estimate of the proportion of the total services actually completed at the time of billing. OWNER shall make prompt monthly payments in response to ENGINEER's monthly statements.

5.2.2. Upon conclusion of each phase of Basic Services, OWNER shall pay such additional amount, if any, as may be necessary to bring total compensation paid on account of such phase to the following percentages of total compensation payable for all phases of Basic Services:

Phase	Insert Actual Percentage
Study and Report (201 Plan Update)	<u>30</u> %
Preliminary Design	<u>20</u> %
Final Design	<u>25</u> %
Bidding or Negotiating	<u>5</u> %
Construction	<u>15</u> %
Operational	<u>5</u> %
	100 %

5.3. Other Provisions Concerning Payments.

5.3.1. If OWNER fails to make any payment due ENGINEER for services and expenses within thirty days after receipt of ENGINEER's statement therefor, the amounts due ENGINEER will be increased at the rate of 1% per month from said thirtieth day, and in addition, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this

5.3.2. In the event of termination by OWNER under paragraph 7.1 upon the completion of any phase of the Basic Services, progress payments due ENGINEER for services rendered through such phase shall constitute total payment for such services. In the event of such termination by OWNER during any phase of the Basic Services, ENGINEER will be paid for services rendered during that phase on the basis of ENGINEER's Salary Costs times a factor of 3 for services rendered during that phase to date of termination by ENGINEER's principals and employees engaged directly on the Project. In the event of any such termination, ENGINEER also will be reimbursed for the charges of independent professional associates and consultants employed by ENGINEER to render Basic Services, and paid for all unpaid Additional Services and unpaid Reimbursable Expenses, plus all termination expenses. Termination expenses mean additional Reimbursable Expenses directly attributable to termination, which, if termination is at Owner's convenience, shall include an amount computed as a percentage of total compensation for Basic Services earned by ENGINEER to the date of termination, as follows:

20% if termination occurs after commencement of the Preliminary Design Phase but prior to commencement of the Final Design Phase; or

10% if termination occurs after commencement of the Final Design Phase.

5.3.3. Records of ENGINEER's Salary Costs pertinent to ENGINEER's compensation under this Agreement will be kept in accordance with generally accepted accounting principles. Copies will be made available to OWNER at cost on request prior to final payment for ENGINEER's services.

5.3.4. Whenever a factor is applied to Salary Costs in determining compensation payable to ENGINEER that factor will be adjusted periodically and equitably to reflect changes in the various elements that comprise such factor. All such adjustments will be in accordance with generally accepted accounting practices as applied on a consistent basis by ENGINEER and consistent with ENGINEER's overall compensation practices and procedures.

5.4. Definitions.

5.4.1. The Salary Costs used as a basis for payment mean salaries and wages (basic and incentive) paid to all ENGINEER's personnel engaged directly on the

sonnel: plus the cost of customary and statutory benefits including, but not limited to, social security contributions, unemployment, excise and payroll taxes, workers' compensation, health and retirement benefits, sick leave, vacation and holiday and other group benefits. For the purposes of this Agreement, the principals of ENGINEER and their current hourly Salary Costs are:

- Raymond M. Dearman - \$125.00
- Michael T. Waits - \$95.00

The hourly Salary Costs of principals of ENGINEER will be adjusted equitably to reflect changes in personnel and in ENGINEER's overall compensation procedures and practices.

The amount of customary and statutory benefits of all other personnel of ENGINEER will be considered equal

to 30% of salaries and wages, subject to equitable adjustment to reflect changes in ENGINEER's overall compensation procedures and practices.

5.4.2. Reimbursable Expenses mean the actual expenses incurred by ENGINEER or ENGINEER's independent professional associates or consultants, directly or indirectly in connection with the Project, such as expenses for: transportation and subsistence incidental thereto; obtaining bids or proposals from Contractors; providing and maintaining field office facilities including furnishings and utilities; subsistence and transportation of Resident Project Representatives and their assistants; toll telephone calls and telegrams; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items in addition to those required under Section 1; and, if authorized in advance by OWNER, overtime work requiring higher than regular rates.

EXHIBIT C

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6.1. Construction Cost.

The construction cost of the entire Project (herein referred to as "Construction Cost") means the total cost to OWNER of those portions of the entire Project designed and specified by ENGINEER, but it will not include ENGINEER's compensation and expenses, the cost of land, rights-of-way, or compensation for or damages to, properties unless this Agreement so specifies, nor will it include OWNER's legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project or the cost of other services to be provided by others to OWNER pursuant to paragraphs 3.7 through 3.11, inclusive. [Construction Cost is one of the items comprising Total Project Costs which is defined in paragraph 1.2.5.]

6.2. Opinions of Cost.

6.2.1. Since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor(s)' methods of determining prices, or over competitive bidding or market conditions, ENGINEER's opinions of probable Total Project Costs and Construction Cost provided for herein are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgment as an experienced and qualified professional engineer, familiar with the construction industry; but ENGINEER cannot and does not guarantee that proposals, bids or actual Total Project or Construction Costs will not vary from opinions of probable cost prepared by ENGINEER. If prior to the Bidding or Negotiating Phase OWNER wishes greater assurance as to Total Project or Construction Costs, OWNER shall employ an independent cost estimator as provided in paragraph 3.9.

6.2.2. If a Construction Cost limit is established by written agreement between OWNER and ENGINEER and specifically set forth in this Agreement as a condition thereto, the following will apply:

6.2.2.1. The acceptance by OWNER at any time during the Basic Services of a revised opinion of probable Total Project or Construction Costs in excess of the then established cost limit will constitute a corresponding revision in the Construction Cost limit to the extent indicated in such revised opinion.

6.2.2.2. Any Construction Cost limit so established will include a contingency of ten percent unless another amount is agreed upon in writing.

6.2.2.3. ENGINEER will be permitted to determine what types of materials, equipment and component systems are to be included in the Drawings and Specifications and to make reasonable adjustments in the general scope, extent and character of the Project to bring it within the cost limit.

6.2.2.4. If the Bidding or Negotiating Phase has not commenced within six months after completion of the Final Design Phase, the established Construction Cost limit will not be binding on ENGINEER, and OWNER shall consent to an adjustment in such cost limit commensurate with any applicable change in the general level of prices in the construction industry between the date of completion of the Final Design Phase and the date on which proposals or bids are sought.

6.2.2.5. If the lowest bona fide proposal or bid exceeds the established Construction Cost limit, OWNER shall (1) give written approval to increase such cost limit, (2) authorize negotiating or rebidding the Project within a reasonable time, or (3) cooperate in revising the Project's general scope, extent or character to the extent consistent with the Project's requirements and with sound engineering practices. In the case of (3), ENGINEER shall modify the Contract Documents as necessary to bring the Construction Cost within the cost limit. In lieu of other compensation for services in making such modifications, OWNER shall pay ENGINEER, ENGINEER's cost of such services, all overhead expenses reasonably related thereto and Reimbursable Expenses, but without profit to ENGINEER on account of such services. The providing of such service will be the limit of ENGINEER's responsibility in this regard and, having done so, ENGINEER shall be entitled to payment for services in accordance with this Agreement and will not otherwise be liable for damages attributable to the lowest bona fide proposal or bid exceeding the established Construction Cost.

SECTION 7—GENERAL CONSIDERATION

7.1. Termination.

The obligation to provide further services under this Agreement may be terminated by either party upon thirty days' written notice in the event of substantial

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failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

7.2. Reuse of Documents.

All documents including Drawings and Specifications prepared or furnished by ENGINEER (and ENGINEER's independent professional associates and consultants) pursuant to this Agreement are instruments of service in respect of the Project and ENGINEER shall retain an ownership and property interest therein whether or not the Project is completed. OWNER may make and retain copies for information and reference in connection with the use and occupancy of the Project by OWNER and others; however, such documents are not intended or represented to be suitable for reuse by OWNER or others on extensions of the Project or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at OWNER's sole risk and without liability or legal exposure to ENGINEER, or to ENGINEER's independent professional associates or consultants, and OWNER shall indemnify and hold harmless ENGINEER and ENGINEER's independent professional associates and consultants from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

7.3. Insurance.

7.3.1. ENGINEER shall procure and maintain insurance for protection from claims under workers' compensation acts, claims for damages because of bodily injury including personal injury, sickness or disease or death of any and all employees or of any person other than such employees, and from claims or damages because of injury to or destruction of property including loss of use resulting therefrom.

7.4. Controlling Law.

This Agreement is to be governed by the law of the principal place of business of ENGINEER.

7.5. Successors and Assigns.

7.5.1. OWNER and ENGINEER each is hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and ENGINEER (and to the extent permitted by paragraph 7.5.2 the

assigns of OWNER and ENGINEER) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

7.5.2. Neither OWNER nor ENGINEER shall assign, sublet or transfer any rights under or interest in (including, but without limitation, moneys that may become due or moneys that are due) this Agreement without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent ENGINEER from employing such independent professional associate and consultants as ENGINEER may deem appropriate to assist in the performance of services hereunder.

7.5.3. Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than OWNER and ENGINEER, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ENGINEER and not for the benefit of any other party.

EXHIBIT "C"

7.6. Arbitration.

7.6.1. All claims, counterclaims, disputes and other matters in question between the parties hereto arising out of or relating to this Agreement or the breach thereof will be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining, subject to the limitations and restrictions stated in paragraphs 7.6.3 and 7.6.4 below. This Agreement so to arbitrate and any other agreement or consent to arbitrate entered into in accordance herewith as provided in this paragraph 7.6 will be specifically enforceable under the prevailing law of any court having jurisdiction.

7.6.2. Notice of demand for arbitration must be filed in writing with the other parties to this Agreement and with the American Arbitration Association. The demand must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

7.6.3. All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement that the total sum or value in controversy as alleged by the party making such demand or answering statement is not more than \$200,000 (exclusive of interest and costs) and the arbitrators will not have jurisdiction, power or authority to render a monetary award in response thereto against any party which totals more than \$200,000 (exclusive of interest

and costs). The arbitrators will not have jurisdiction, power or authority to consider, or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount in controversy of any such claim, counterclaim, dispute or matter is more than \$200,000 (exclusive of interest and costs).

7.6.4. No arbitration arising out of, or relating to, this Agreement may include, by consolidation, joinder or in any other manner, any person or entity who is not a party to this Agreement.

7.6.5. By written consent signed by all the parties to this Agreement and containing a specific reference hereto, the limitations and restrictions contained in paragraphs 7.6.3 and 7.6.4 may be waived in whole or in part as to any claim, counterclaim, dispute or other matter specifically described in such consent. No consent to arbitration in respect of a specifically described claim, counterclaim, dispute or other matter in question will constitute consent to arbitrate any other claim, counterclaim, dispute or other matter in question which is not specifically described in such consent or in which the sum or value in controversy exceeds \$200,000 (exclusive of interest and costs) or which is with any party not specifically described therein.

7.6.6. The award rendered by the arbitrators will be final, judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act (9 U.S.C. §§10, 11).

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SECTION 3—SPECIAL PROVISIONS, EXHIBITS and SCHEDULES.

3.1. This Agreement is subject to the following special provisions.

3.1.1.

3.2. The following Exhibits are attached to and made a part of this Agreement:

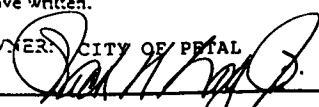
3.2.1. Exhibit A "Further Description of Basic Engineering Services and Related Matters" consisting of 19 pages.

3.2.2. Exhibit B "Duties, Responsibilities and Limitations of Authority of Resident Project Representative" consisting of 3 pages.

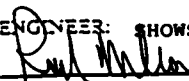
3.2.3. Under Exhibit "B" described above, the total fee shall not exceed 14% of the final construction cost and will be based upon an hourly rate of \$43.50 for straight time and an overtime rate of \$50.75 per hour.

3.3. This Agreement (consisting of pages 1 to 19 inclusive) together with the Exhibits and schedules identified above constitute the entire agreement between OWNER and ENGINEER and supersede all prior written or oral understandings. This Agreement and said Exhibits and schedules may only be amended, supplemented, modified or cancelled by a duly executed written instrument.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the day and year first above written.

OWNER: CITY OF PETAL


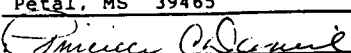
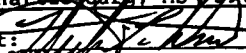
Jack H. Gay, Jr., Mayor

ENGINEER: SHOWS, DEARMAN & WAITS, INC


Raymond M. Dearman, President

Address for giving notices:
P. O. Box 564
Petal, MS 39465

Address for giving notices:
P. O. Box 1711
Hattiesburg, MS 39403-1711

est.  Priscilla Daniel, City Clerk Attest:  Michael T. Waits, Vice-President