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**CITY OF QUITMAN, MISSISSIPPI
SPECIAL REPORT ON AGREED-UPON
PROCEDURES AND
COMPILATION REPORT
For the fiscal year ended September 30, 2004**

CITY OF QUITMAN, MISSISSIPPI

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Honorable Mayor and Members of the Board of Aldermen
City of Quitman, Mississippi

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of the City of Quitman, Mississippi, as of September 30, 2004, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 12-35-31, Miss. Code Ann (1972). It is understood the report is solely for the use of the governing body of the City of Quitman, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. My procedures and findings are as follows:

1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per</u> <u>General Ledger</u>
Citizens National Bank	General	\$ 34,751
BankPlus	General	104,534
First State Bank	General	405,917
Total		<u>\$ 545,202</u>
Citizens National Bank	Depot Restoration	<u>\$ 14,297</u>
BankPlus	Park & Recreation	<u>\$ 14,092</u>
Citizens National Bank	Fire Prevention	<u>\$ 9,671</u>
Citizens National Bank	Industrial Park	<u>\$ 147,478</u>
Citizens National Bank	Water & Sewer	\$ 306,032
BankPlus	Water & Sewer	171,052
BankPlus	Water & Sewer-meter deposit	68,720
Total		<u>\$ 545,804</u>
Citizens National Bank	Garbage	<u>\$ 30,096</u>
Citizens National Bank	Workers Compensation	<u>\$ 20,568</u>

2. I performed the following procedures with respect to taxes on real and personal property, including motor vehicles, levied during the fiscal year:
 - a. Verified use of certified county assessment rolls and traced levies to governing body minutes;
 - b. Examined uncollected taxes for proper handling, including tax sales;
 - c. Traced distribution of taxes collected to proper funds; and
 - d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds appeared to be in accordance with prescribed tax levies with the exception of the separate levy for the library. Funds collected from the library levy are currently deposited into and paid from the general fund. The budgeted amount paid to the library exceeds the current levy.

Uncollected taxes were determined to be properly handled.

Ad valorem tax collections appeared to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

3. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Balance Per General Ledger</u>
Sales Tax Allocation	General	\$ 436,290
Municipal Aid	General	8,210
Homestead Exemption	General	32,730
Police Training	General	3,000
Police Grant	General	2,700
Walking Track Grant	Park & Recreation	16,000
Fire Protection	Fire Protection	10,524
Sewer Repair	CDBG Grant	252,208
		<u>\$ 761,662</u>

4. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	60
Total Dollar Value of Sample	\$661,580


I found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections except as follows:

- I observed one instance where a paid invoice could not be located.
 - I observed one instance where a copy of the state contract was not included in the paid invoice packet.
 - I observed that claim numbers from the computerized claims docket are not listed in minutes of the board. Currently, the claim number written on the check of the individual fund accounts transferring monies to the Clearing Fund is listed in the minutes of the board
 - I observed three months where the total dollar amount of claims approved to be paid by the Board of Aldermen was not listed in the minutes of board.
 - I observed one instance where the total dollar amount of claims approved to be paid by the Board of Aldermen was the same amount as listed on the previous meeting of board.
5. I have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.
6. I performed the following procedures with respect to capital assets:
- a. Tested the cost of selected capital asset additions to supporting documentation;
 - b. Tested selected items deleted to proper board order for disposal;
 - c. Physically inspected a sample of capital assets to determine compliance with the Municipal Fixed Asset Manual;

Accounting for capital assets appeared to be in compliance with the Municipal Fixed Asset Manual with the following exceptions:

- I observed one instance where the asset number on the capital asset system was different from the number on the capital asset.
- I observed one instance where a capital asset had not been properly tagged or included on the capital asset system.
- I observed that capital assets declared surplus had not been removed from the capital asset system.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in Paragraphs 1, and 2 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the City of Quitman, Mississippi, for the year ended September 30, 2004.

A handwritten signature in black ink, appearing to read "Stephen D. Myrick". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stephen D. Myrick
Certified Public Accountant

February 10, 2005
Quitman, Mississippi

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Honorable Mayor and Members of the Board of Aldermen
City of Quitman, Mississippi

I have compiled the accompanying combined statement of cash receipts and disbursements (all funds), schedule of long-term debt and schedule of bonds for municipal officials of the City of Quitman, Mississippi as and for the year ended September 30, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying statement of receipts and disbursements (all funds), schedule of long-term debt and schedule of bonds for municipal officials and, accordingly, do not express an opinion or any other form of assurance on it.

These financial statements including related disclosures are presented in accordance with the requirements of the Office of State Auditor, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.



Stephen D. Myrick
Certified Public Accountant

February 10, 2005
Quitman, Mississippi

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CITY OF QUITMAN, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Fiscal Year Ended September 30, 2004

	General	Special Revenue	Enterprise	Totals Memorandum Only
Revenue Receipts:				
General Property Taxes	\$ 368,266	\$ -	\$ -	\$ 368,266
Penalties and Interest on Delinquent taxes	3,065	-	-	3,065
Licenses and Permits	120,284	-	-	120,284
Intergovernmental Revenues:				
Federal Revenue:				
Exercise Trail Grant	-	16,000	-	16,000
CDBG Waste Water Improvement Grant	-	252,208	-	252,208
State Shared Revenues:				
General Municipal Aid	8,210	-	8,051	16,261
Sales Tax	436,290	-	-	436,290
Homestead Reimbursement	32,730	-	-	32,730
Fire Insurance Premium Tax	-	10,524	-	10,524
Local Shared Revenues:				
Pro Rata County Road Tax	7,733	-	-	7,733
Other County Remitted Taxes	3,144	-	-	3,144
County Ad Valorem	26,946	-	-	26,946
Charges for Services:				
Water Utility	-	-	301,007	301,007
Garbage Collection Fees	-	-	118,613	118,613
Fines and Forfeits	26,254	-	-	26,254
Interest Earnings	16,614	4,644	15,838	37,096
Gas Distributions	36,527	-	-	36,527
Miscellaneous	53,468	7,800	16,574	77,842
Total Operating Receipts	<u>1,139,531</u>	<u>291,176</u>	<u>460,083</u>	<u>1,890,790</u>
Other Receipts:				
Transfers	31,895	95,574	2,485	129,954
Total Other Receipts	<u>31,895</u>	<u>95,574</u>	<u>2,485</u>	<u>129,954</u>
Total Receipts	<u>1,171,426</u>	<u>386,750</u>	<u>462,568</u>	<u>2,020,744</u>
Cash Balance - Beginning of Year	<u>895,014</u>	<u>225,893</u>	<u>646,165</u>	<u>1,767,072</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 2,066,440</u>	<u>\$ 612,643</u>	<u>\$ 1,108,733</u>	<u>\$ 3,787,816</u>
Operating Disbursements:				
General Government (Executive and Financial)	\$ 237,632	\$ -	\$ -	\$ 237,632
Public Safety:				
Police	576,939	-	-	576,939
Fire	26,187	14,559	-	40,746
Highways and Streets:				
Repairs and Maintenance	532,787	-	-	532,787
Health	-	252,208	-	252,208
Culture and Recreation:				
Parks	-	125,792	-	125,792
Libraries	41,773	-	-	41,773
Other	-	10,162	-	10,162
Enterprises:				
Water Utility	-	-	139,292	139,292
Sewer	-	-	206,254	206,254
Garbage	-	-	183,727	183,727
Interest on Loans	210	630	-	840
Total Operating Disbursements	<u>1,415,528</u>	<u>403,351</u>	<u>529,273</u>	<u>2,348,152</u>
Other Disbursements:				
Loans	8,478	22,478	-	30,956
Transfers	95,574	-	34,380	129,954
Capital outlay	-	-	31,233	31,233
Miscellaneous	1,408	1,276	6,667	9,351
Total Other Disbursements	<u>105,460</u>	<u>23,754</u>	<u>72,280</u>	<u>201,494</u>
Total Operating Disbursements	<u>1,520,988</u>	<u>427,105</u>	<u>601,553</u>	<u>2,549,646</u>
Cash Balance - End of Year	<u>545,452</u>	<u>185,538</u>	<u>507,180</u>	<u>1,238,170</u>
TOTAL AMOUNT ACCOUNTED FOR	<u>\$ 2,066,440</u>	<u>\$ 612,643</u>	<u>\$ 1,108,733</u>	<u>\$ 3,787,816</u>

See accompanying notes and accountant's compilation report.

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Note A: Summary of Significant Accounting Policies

General Information

The City operates under the board of alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the City consists of all the funds of the City.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis is prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Note B: Report Classifications

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor and does not conform to the form and format as implemented in GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments..

CITY OF QUITMAN, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the fiscal year ended September 30, 2004

	Balance Outstanding October 1, 2003	Transactions During the Fiscal Year		Balance Outstanding September 30, 2004
		Issued	Redeemed	
Other Long-term Debt:				
State of Mississippi:				
Infrastructure Revolving Loan	\$ 14,000	\$ -	\$ 14,000	\$ -
Capital Improvements Revolving Loan	34,961		16,551	18,410
Pat Harrison Waterway District Loan	1,402		1,402	-
Total Long-Term Debt	<u>\$ 50,363</u>	<u>\$ -</u>	<u>\$ 31,953</u>	<u>\$ 18,410</u>

CITY OF QUITMAN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2004

Name	Position	Company	Bond
James T. Blackburn	Mayor	St. Paul Surety	50,000
Karen H. Shepherd	City Clerk	St. Paul Surety	50,000
	Notary Bond	St. Paul Surety	5,000
Jimmy Ivy	Police Chief	St. Paul Surety	50,000
Donald W. Huggins	Assistant Police Chief	St. Paul Surety	50,000
	Deputy Court Clerk	St. Paul Surety	50,000
Joe Kramer	Police Clerk	St. Paul Surety	10,000
Lisa Harris	Asst. City Clerk	St. Paul Surety	20,000
	Notary Bond	St. Paul Surety	5,000
Joyce Cole	Deputy Clerk	St. Paul Surety	20,000
	Notary Bond	St. Paul Surety	5,000
Helen A. Beeman	Aldерwoman	St. Paul Surety	10,000
Joe Brooks	Alderman	St. Paul Surety	10,000
Lavon Wade	Alderman	St. Paul Surety	10,000
Oscar J. Young	Alderman	St. Paul Surety	10,000
Robert H. Donald III	Alderman	St. Paul Surety	10,000
Andrew Boone	Policeman	St. Paul Surety	25,000
Nathaniel Wallace Jr.	Policeman	St. Paul Surety	10,000
William Satcher	Policeman	St. Paul Surety	25,000
Billy Lewis	Policeman	St. Paul Surety	25,000
Willie McKines	Policeman	St. Paul Surety	10,000
Kathy Cameron	Policeman	St. Paul Surety	25,000
Clarence Cranford	Policeman	St. Paul Surety	50,000
Eric O'Neil	Policeman	St. Paul Surety	10,000