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**OFFICIALS:**  
Ryan Wood  
Mayor  
Pauline Hall  
City Clerk  
Mary C. McClain  
Deputy City Clerk

## TOWN OF KILMICHAEL

*"The Town That Cares"*

P. O. Box 296  
114 North Depot Avenue  
Kilmichael, MS 39747  
662-262-4242(O)  
662-262-4400(F)

**David E. Eldridge, Chief of Police**

**ALDERMEN:**  
Charles Austin  
Bryan Lott  
Sandy Hall  
Earnest Curtis, Jr  
Wilma Carodine

**John Avent, Public  
Works Director**

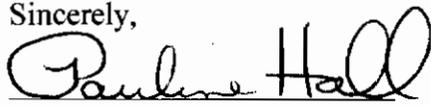
May 21, 2014

Office of the State Auditor  
P. O. Box 956  
Jackson, MS 39205

Re: Annual Municipal Compilation

Accompanying this letter are two (2) copies of the annual compilation of the Town of Kilmichael, Mississippi, for the fiscal year ended September 30, 2013 and the electronic copy. A separate management letter was not written to the Town of Kilmichael in connection with this audit.

Sincerely,



Pauline Hall, City Clerk  
Town of Kilmichael

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**TOWN OF KILMICHAEL, MISSISSIPPI  
COMPILATION REPORT  
AND SPECIAL REPORT ON  
AGREED-UPON PROCEDURES  
SEPTEMBER 30, 2013**

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MAY 27 2014**



TOWN OF KILMICHAEL, MISSISSIPPI  
Compilation Report  
September 30, 2013

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**WATKINS, WARD AND STAFFORD**  
**Professional Limited Liability Company**  
**Certified Public Accountants**

53 N. Dunn St. P.O. Box 311 Eupora, MS 39744  
 Phone (662) 258-2331 Fax (662) 258-6864

James L. Stafford, CPA  
 Harry W. Stevens, CPA  
 S. Keith Winfield, CPA  
 William B. Stagers, CPA  
 Aubrey R. Holder, CPA  
 Michael W. McCully, CPA  
 Mori Stroud, CPA  
 R. Steve Sinclair, CPA  
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 Anita L. Goodman, CPA  
 Ricky D. Allen, CPA  
 Jason D. Brooks, CPA  
 Robert E. Cordio, Jr., CPA  
 Perry C. Rackley, Jr., CPA

**Independent Accountants' Compilation Report**

Board of Aldermen  
 Town of Kilmichael, Mississippi  
 Kilmichael, Mississippi

We have compiled the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Kilmichael, Mississippi, as of and for the year ended September 30, 2013, which collectively comprise the town's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

The management of the Town of Kilmichael, Mississippi, is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Town of Kilmichael, Mississippi, in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Government Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Eupora, Mississippi  
 May 16, 2014

*Watkins, Ward and Stafford, PLLC*

TOWN OF KILMICHAEL, MISSISSIPPI  
Statement of Cash Receipts and Disbursements  
Governmental and Business-type Activities  
For the Year Ended September 30, 2013

	Governmental Activities			Total	Business-type Activities
	General Fund	Debt Service	Capital Project Fund		Enterprise Fund
<b>RECEIPTS</b>					
General property taxes	\$ 181,703	\$ -	\$ -	\$ 181,703	\$ -
Licenses and permits					
Privilege licenses	908	-	-	908	-
Franchise charges - utilities	12,982	-	-	12,982	-
Intergovernmental revenues:					
General municipal aid	349	-	-	349	-
Grant - CDBG	-	-	5,000	5,000	-
Grant - ARC	-	-	52,369	52,369	-
State shared revenues:					
Sales taxes	70,469	-	-	70,469	-
Gasoline tax	1,955	-	-	1,955	-
Alcoholic beverage licenses	900	-	-	900	-
Fire distribution	3,725	-	-	3,725	-
Grand Gulf	5,340	-	-	5,340	-
Charges for services:					
Garbage	48,074	-	-	48,074	-
Natural gas	-	-	-	-	148,508
Water	-	-	-	-	212,847
Fines and forfeitures	4,162	-	-	4,162	-
Interest	907	536	-	1,443	1,065
Rent	2,300	-	-	2,300	-
Miscellaneous	1,840	-	-	1,840	7,305
<b>Total Receipts</b>	<b>\$ 335,614</b>	<b>\$ 536</b>	<b>\$ 57,369</b>	<b>\$ 393,519</b>	<b>\$ 369,725</b>

See accompanying notes and accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI  
Statement of Cash Receipts and Disbursements (Continued)  
Governmental and Business-type Activities  
For the Year Ended September 30, 2013

	Governmental Activities				Business-type Activities
	General Fund	Debt Service	Capital Project Fund	Total	Enterprise Fund
<b>DISBURSEMENTS</b>					
General government	\$ 83,905	\$ -	\$ -	\$ 83,905	\$ -
Public Safety					
Police	95,276	-	-	95,276	-
Fire	4,361	-	-	4,361	-
Public Works	107,528	-	74,300	181,828	-
Culture and Recreation					
Library	16,509	-	-	16,509	-
Enterprise					
Natural gas	-	-	-	-	115,647
Water	-	-	-	-	156,559
Debt Service					
Principal	-	-	-	-	29,845
Interest	-	-	-	-	24,227
<b>Total Disbursements</b>	<u>307,579</u>	<u>-</u>	<u>74,300</u>	<u>381,879</u>	<u>326,278</u>
Excess (Deficiency) of receipts over disbursements	<u>28,035</u>	<u>536</u>	<u>( 16,931)</u>	<u>11,640</u>	<u>43,447</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	<u>-</u>	<u>-</u>	<u>16,931</u>	<u>16,931</u>	<u>( 16,931)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>28,035</u>	<u>536</u>	<u>-</u>	<u>28,571</u>	<u>26,516</u>
<b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR</b>	<u>154,663</u>	<u>71,273</u>	<u>95</u>	<u>226,031</u>	<u>320,866</u>
<b>CASH BASIS FUND BALANCE - END OF YEAR</b>	<u>\$ 182,698</u>	<u>\$ 71,809</u>	<u>\$ 95</u>	<u>\$ 254,602</u>	<u>\$ 347,382</u>

See accompanying notes and accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2013

**Note A: Summary of Significant Accounting Policies**

**Reporting Entity**

The financial statements of the Town consist of all the funds of the Town.

The Citizens of Kilmichael have elected to operate under a Code Charter as permitted by Mississippi Statute 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

**Fund Accounting**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government 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, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

**Governmental Funds:**

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

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TOWN OF KILMICHAEL, MISSISSIPPI  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note A: Summary of Significant Accounting Policies (Continued):**

**Governmental Funds (Continued):**

**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 Street Bond Debt Fund comprises the Debt Service Fund.

**Capital Project Fund** - The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects and facilities.

**Proprietary Funds:**

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Proprietary Funds are the Water and Sewer Fund and the Natural Gas Fund.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash basis of accounting as prescribed by the Mississippi Office of the State Auditor.

In the fund financial statements, governmental, and business-like activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net-assets/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the town utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

TOWN OF KILMICHAEL, MISSISSIPPI  
Notes to Financial Statements (Continued)  
September 30, 2013

**Note A: Summary of Significant Accounting Policies (Continued):**

**Basis of Accounting (Continued):**

Under the modified accrual basis revenues are recognized when measurable and available. Measurable means, being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Under the accrual basis revenues are recognized when earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**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.

TOWN OF KILMICHAEL, MISSISSIPPI  
 Schedule of Investments (All Funds)  
 September 30, 2013

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.45%	9/9/2013	9/9/2014	Bank of Kilmichael	\$ 12,593
General Fund	Certificate of Deposit	0.60%	1/25/2013	1/25/2014	Bank of Kilmichael	61,714
General Fund	Certificate of Deposit	0.45%	3/26/2013	3/26/2014	Bank of Kilmichael	12,667
General Fund	Certificate of Deposit	0.45%	9/30/2013	9/30/2014	Bank of Kilmichael	17,785
General Fund	Certificate of Deposit	0.60%	1/4/2013	1/4/2014	Bank of Kilmichael	14,169
Enterprise Fund	Certificate of Deposit	0.25%	10/28/2012	10/28/2013	Bank of Kilmichael	7,895
Enterprise Fund	Certificate of Deposit	0.60%	11/9/2012	11/9/2013	Bank of Kilmichael	66,408
Enterprise Fund	Certificate of Deposit	0.60%	1/25/2013	1/25/2014	Bank of Kilmichael	25,696
Enterprise Fund	Certificate of Deposit	0.45%	9/9/2013	9/9/2014	Bank of Kilmichael	26,239
Enterprise Fund	Certificate of Deposit	0.45%	4/22/2013	4/22/2014	Bank of Kilmichael	100,000
Enterprise Fund	Certificate of Deposit	0.45%	8/31/2013	8/31/2014	Bank of Kilmichael	4,922
Enterprise Fund	Certificate of Deposit	0.25%	5/29/2013	5/29/2014	Bank of Kilmichael	1,843
Enterprise Fund	Certificate of Deposit	0.25%	5/29/2013	5/29/2014	Bank of Kilmichael	3,592
Enterprise Fund	Certificate of Deposit	0.45%	7/5/2013	7/5/2014	Bank of Kilmichael	1,834
Enterprise Fund	Certificate of Deposit	0.45%	7/5/2013	7/5/2014	Bank of Kilmichael	3,574
Debt Service Fund	Certificate of Deposit	0.60%	1/25/2013	1/25/2014	Bank of Kilmichael	58,892
Debt Service Fund	Certificate of Deposit	0.45%	7/24/2013	7/24/2014	Bank of Kilmichael	12,918
<b>Total Investments</b>						<b>\$ 432,741</b>

See accompanying notes and accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI  
 Schedule of Long-Term Debt (All Funds)  
 For the Year Ended September 30, 2013

Definition and Purpose	Balance Outstanding 9/30/2012	Transactions During Fiscal Year		Balance Outstanding 9/30/2013
		Issued	Redeemed	
<b>Revenue Bonds:</b>				
5.785% Water and Sewer Bonds, issued June 3, 1991, original amount \$264,500, due in annual interest payments of \$15,440 each on June 3, 1992, and June 3, 1994, with monthly installments of \$1,528, principal and interest, beginning July, 1994.	\$ 165,876	-	8,827 \$	157,049
5% Natural Gas Distribution System Bonds, issued June 21, 1994, original amount \$541,000, due in an annual interest payment of \$27,050 on May 22, 1996, with monthly installments of \$2,978 principal and interest beginning July 6, 1996.	303,958	-	21,018	282,940
<b>Total</b>	<b>\$ 469,834</b>	<b>-</b>	<b>29,845 \$</b>	<b>439,989</b>

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See accompanying notes and accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI  
 Schedule of Surety Bonds for Town Officials  
 For the Year Ended September 30, 2013

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Ryan Wood	Mayor	St. Paul Travelers	\$ 25,000
Pauline Hall	Town Clerk	Brierfield	\$ 75,000
Mary C. McClain	Deputy Clerk	Brierfield	\$ 50,000
David Eldridge	Police Chief	Brierfield	\$ 50,000
Charles Austin	Alderman	St. Paul Travelers	\$ 25,000
Wilma Carodine	Alderman	St. Paul Travelers	\$ 25,000
Earnest Curtis, Jr.	Alderman	St. Paul Travelers	\$ 25,000
Sandy Hall	Alderman	St. Paul Travelers	\$ 25,000
Bryan Lott	Alderman	St. Paul Travelers	\$ 25,000

See accompanying notes and accountants' compilation report.



**WATKINS, WARD AND STAFFORD**  
**Professional Limited Liability Company**  
**Certified Public Accountants**

53 N. Dunn St. P.O. Box 311 Eupora, MS 39744  
 Phone (662) 258-2331 Fax (662) 258-6864

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 Parry C. Rackley, Jr., CPA

**Independent Accountants' Report on  
 Applying Agreed-Upon Procedures**

Honorable Mayor and Board of Aldermen  
 Town of Kilmichael  
 Kilmichael, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Kilmichael, Mississippi, as of September 30, 2013, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Kilmichael, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

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

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Bank of Kilmichael	General	\$ 63,770
Bank of Kilmichael	Enterprise	\$ 105,380
Bank of Kilmichael	Other Governmental	\$ 95

2. We confirmed certificates of deposit and savings accounts with the bank and traced them to balances in the respective general ledger accounts. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Bank</u>	<u>Fund</u>	<u>General Ledger Cost</u>
Bank of Kilmichael	General	\$ 118,929
Bank of Kilmichael	Debt Service	\$ 71,810
Bank of Kilmichael	Enterprise	\$ 242,003

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Trace levies to governing body minutes;
  - b. Traced distribution of taxes collected to proper funds; and
  - c. 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 was found to be in accordance with prescribed tax levies.

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

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We 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>General Ledger Amount</u>
Gas Utilities	Enterprise Fund	\$ 6,980
Water and Sewer Utilities	Enterprise Fund	\$ 1,831
Other Aid in Municipalities	Enterprise Fund	\$ 5,000
Fire Protection Allocation	General Fund	\$ 3,725
Gasoline Tax	General Fund	\$ 1,955
Homestead Exemption	General Fund	\$ 15,723
Liquor Privilege	General Fund	\$ 900
Salvage Demolition & Removal	General Fund	\$ 1,493
Sales Tax Allocation	General Fund	\$ 70,469
General Municipal Aid	General Fund	\$ 349
Nuclear Power Plant	General Fund	\$ 5,340
Prior Year Expense Subsidies	General Fund	\$ 737

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5. We 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	25
Total Dollar Value of Sample	\$ 10,834

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.
7. We have read the Municipal Compliance Questionnaire completed by the Town of Kilmichael. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we 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 our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Kilmichael, Mississippi for the year ended September 30, 2013.

Eupora, Mississippi  
May 16, 2014

*Watkins, Ward and Stafford, PLLC*

TOWN OF KILMICHAEL, MISSISSIPPI  
Additional Information  
Year Ended September 30, 2013

**DEFINED BENEFIT PLAN**

**Plan Description**

The Town of Kilmichael contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling 601-359-3589 or 1-800-444-PERS.

**Funding Policy**

PERS members are required to contribute 9.00% of their annual covered salary and the Town of Kilmichael is required to contribute at an actuarially determined rate. The rate at the beginning of the year was 14.26% of annual covered payroll. This rate increased to 15.75% on July 1, 2013. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Kilmichael's contributions to PERS for the year ended September 30, 2013 and September 30, 2012 were \$27,835 and \$24,762, respectively.

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