

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**TOWN OF KILMICHAEL, MISSISSIPPI
COMPILATION REPORT
AND REPORT ON
AGREED-UPON PROCEDURES
SEPTEMBER 30, 2020**

TOWN OF KILMICHAEL, MISSISSIPPI
Compilation Report
September 30, 2020

Contents

	<u>Page</u>
Independent Accountants' Compilation Report	1
Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities	3
Notes to Financial Statement	5
Schedule of Investments	8
Schedule of Long-Term Debt	9
Schedule of Surety Bonds for Town Officials	10
Report on Compliance with State Laws and Regulations	11
Independent Accountants' Report on Applying Agreed-Upon Procedures	12
Additional Information	15



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Thomas A. Davis, CPA
William B. Staggers, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA
Thomas J. Browder, CPA	

Independent Accountants' Compilation Report

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

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities of the Town of Kilmichael, Mississippi for the year ended September 30, 2020, and the related notes to financial statement, which collectively comprise the town's basic financial statement as listed in the table of contents, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities.

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The supplementary information contained on pages 8 through 10 is presented in compliance with the requirements of the Mississippi Office of the State Auditor and has been compiled from information that is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Other Information

The Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities and related notes to financial statement are intended to comply with the requirements of the Mississippi Office of the State Auditor, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

In accordance with the provisions of 21-35-31, Miss Code Ann. (1972), we have issued a report dated May 10, 2022 on the results of our agreed-upon procedures.

Eupora, Mississippi
May 10, 2022

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, 2020

	Governmental Activities			Business-type
	General Fund	Capital Project Fund	Total	Activities Enterprise Fund
RECEIPTS				
General property taxes	\$ 173,761	\$ -	\$ 173,761	\$ -
Licenses and permits				
Privilege licenses	5,881	-	5,881	-
Franchise charges - utilities	13,192	-	13,192	-
Intergovernmental revenues:				
General municipal aid	349	-	349	-
Federal receipts:				
Grant - MEMA	34,506	-	34,506	-
Grant - CDBG	-	63,412	63,412	11,238
Grant - NRCS	-	25,898	25,898	-
State shared revenues:				
Sales taxes	73,315	-	73,315	-
Gasoline tax	2,141	-	2,141	-
Fire distribution	4,217	-	4,217	-
Grand Gulf	5,122	-	5,122	-
Charges for services:				
Garbage	50,344	-	50,344	-
Natural gas	-	-	-	155,624
Water	-	-	-	243,674
Fines and forfeitures	401	-	401	-
Interest	577	-	577	2,548
Rent	2,150	-	2,150	-
Miscellaneous	3,928	-	3,928	-
Total Receipts	\$ 369,884	\$ 89,310	\$ 459,194	\$ 413,084

See accompanying notes and independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Statement of Cash Receipts and Disbursements -
Governmental and Business-type Activities
For the Year Ended September 30, 2020

	Governmental Activities			Business-type Activities
	General Fund	Capital Project Fund	Total	Enterprise Fund
DISBURSEMENTS				
General government	\$ 84,395	\$ -	\$ 84,395	\$ -
Public Safety				
Police	65,837	-	65,837	-
Fire	47,753	-	47,753	-
Public Works	176,257	89,316	265,573	-
Culture and Recreation				
Library	20,276	-	20,276	-
Enterprise				
Natural gas	-	-	-	126,638
Water	-	-	-	251,868
Debt Service				
Principal	-	-	-	43,363
Interest	-	-	-	10,709
Total Disbursements	<u>394,518</u>	<u>89,316</u>	<u>483,834</u>	<u>432,578</u>
Excess of receipts over disbursements	<u>(24,634)</u>	<u>(6)</u>	<u>(24,640)</u>	<u>(19,494)</u>
OTHER FINANCING SOURCES				
Transfers	<u>(10)</u>	<u>10</u>	<u>-</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>(24,644)</u>	<u>4</u>	<u>(24,640)</u>	<u>(19,494)</u>
CASH BALANCE - BEGINNING OF YEAR	<u>284,722</u>	<u>108</u>	<u>284,830</u>	<u>531,925</u>
CASH BALANCE - END OF YEAR	<u>\$ 260,078</u>	<u>\$ 112</u>	<u>\$ 260,190</u>	<u>\$ 512,431</u>

See accompanying notes and independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The financial statement of the Town consists 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.

b. 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 statement in this report, into three generic fund types and two broad fund categories as follows:

c. 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.

TOWN OF KILMICHAEL, MISSISSIPPI
Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued):

c. Governmental Funds (Continued):

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.

d. 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 Enterprise Funds are the Water and Sewer Fund and the Natural Gas Fund.

e. 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.

Note 2: 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
Notes to Financial Statement

Note 3: Contingencies

Since the advent of the COVID-19 pandemic in March, 2020, the Town of Kilmichael has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Per discussion with management, cash receipts have remained consistent with prior year. Additionally, the Town of Kilmichael has had no ongoing projects that have been impacted by the pandemic. As of the date of the report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the Town of Kilmichael.

Note 4: Subsequent Events

Events that occurred after the Statement of Cash Receipts and Disbursements date but before the financial statement is available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the Town of Kilmichael evaluated the activity of the municipality through May 10, 2022 (the date the financial statement was available to be issued), and determined that no subsequent events had occurred that would require disclosure in the notes to financial statement

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Investments
For the Year Ended September 30, 2020

<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>
Enterprise Fund	Certificate of Deposit	0.75%	11/9/2018	11/9/2019	Bank of Kilmmichael	\$ 69,046
Enterprise Fund	Certificate of Deposit	1.20%	9/9/2019	9/9/2020	Bank of Kilmmichael	27,363
Enterprise Fund	Certificate of Deposit	1.20%	8/15/2019	8/15/2020	Bank of Kilmmichael	<u>102,222</u>
Total Investments						\$ <u>198,631</u>

See accompanying notes and independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2020

Definition and Purpose	Balance Outstanding 9/30/2019	Transactions During Fiscal Year		Balance Outstanding 9/30/2020
		Issued	Redeemed	
Revenue Bonds:				
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.	\$ 90,122	-	13,399	\$ 76,723
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.	129,160	-	29,964	99,196
Total	\$ 219,282	-	43,363	\$ 175,919

See accompanying notes and independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Surety Bonds for Town Officials
For the Year Ended September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Bobby B. Howell	Mayor	St. Paul Travelers	\$ 25,000
Pauline Hall	Town Clerk	Brierfield	\$ 75,000
David Eldridge	Police Chief	Old Republic Surety	\$ 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
Bernard J. Daniels	Alderman	St. Paul Travelers	\$ 25,000
Bryan Lott	Alderman	St. Paul Travelers	\$ 25,000

See accompanying notes and independent accountants' compilation report.



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA

Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

**Report on Compliance with
State Laws and Regulations**

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

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Town Officials of the Town of Kilmichael, Mississippi, for the year ended September 30, 2020, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our compilation of the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investment, Schedule of Long-Term Debt and Schedule of Surety Bonds for Town Officials of the Town of Kilmichael, Mississippi, for the year ended September 30, 2020, disclosed no instances of noncompliance with state laws and regulations.

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

Eupora, Mississippi
May 10, 2022

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Thomas A. Davis, CPA
William B. Staggers, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA
Thomas J. Browder, CPA	

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

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

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the account records of the Town of Kilmichael, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Kilmichael, Mississippi's compliance with certain laws and regulations as of September 30, 2020, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose.

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	\$ 260,082
Bank of Kilmichael	Enterprise	\$ 313,800
Bank of Kilmichael	Other Governmental	\$ 108

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	Enterprise	\$ 198,631

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>
Water, Sewer and Gas Utilities	Enterprise Fund	\$ 12,367
Other Aid in Municipalities	Capital Project Fund	\$ 24,860
Other Aid in Municipalities	General Fund	\$ 110,199
Fire Protection Allocation	General Fund	\$ 4,217
Gasoline Tax	General Fund	\$ 2,141
Homestead Exemption	General Fund	\$ 16,358
Sales Tax Allocation	General Fund	\$ 73,315
General Municipal Aid	General Fund	\$ 349
Nuclear Power Plant	General Fund	\$ 5,122

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and 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	\$ 24,260

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

6. We determined that the Town of Kilmichael no longer has its own court. All cases are now being sent to the Justice Court. Therefore, there were no fines to be tested for the year.

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.

We were not engaged to, and did not perform, an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Eupora, Mississippi
May 10, 2022

Watkins Ward and Stafford, PLLC

TOWN OF KILMICHAEL, MISSISSIPPI
Additional Information
For the Year Ended September 30, 2020

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 employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Kilmichael's employer contributions to PERS for the years ended September 30, 2020, and September 30, 2019, were \$33,063, and \$29,241, respectively. Employee contributions to PERS for the years ended September 30, 2020, and September 30, 2019, were \$14,024, and \$13,463, respectively.