

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, 2022**

TOWN OF KILMICHAEL, MISSISSIPPI
Compilation Report
September 30, 2022

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

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Stephen D. Flake, 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, 2022, 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.

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.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included with the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, they might influence the user's conclusions about the Town of Kilmichael, Mississippi's cash receipts and disbursements. Accordingly, the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities are not designed for those who are not informed about such matters.

The supplementary information contained in the Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials 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.

The Statement of Cash Receipts and Disbursements – Governmental and Business-Type Activities 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 Section 21-35-31, Miss Code Ann. (1972), we have issued a report dated December 19, 2023 on the results of our agreed-upon procedures.

Eupora, Mississippi
December 19, 2023

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, 2022

	Governmental Activities			Business-type
	General Fund	Capital Project Fund	Total	Enterprise Fund
CASH RECEIPTS				
General property taxes	\$ 173,004	\$ -	\$ 173,004	\$ -
Licenses and permits				
Privilege licenses	2,794	-	2,794	-
Franchise charges - utilities	14,525	-	14,525	-
Intergovernmental revenues:				
General municipal aid	348	-	348	-
Federal receipts:				
Grant - MEMA	8,973	-	8,973	-
Grant - ARPA	68,468	-	68,468	-
Grant - CDBG	-	220,782	220,782	-
Grant - DWSRF	-	213,962	213,962	-
State shared revenues:				
Sales taxes	69,244	-	69,244	-
Gasoline tax	1,976	-	1,976	-
Fire distribution	8,076	-	8,076	-
Grand Gulf	5,106	-	5,106	-
Charges for services:				
Garbage	58,656	-	58,656	-
Natural gas	-	-	-	183,622
Water	-	-	-	246,545
Interest	1,332	-	1,332	870
Rent	2,350	-	2,350	-
Miscellaneous	3,074	-	3,074	-
Total Cash Receipts	\$ 417,926	\$ 434,744	\$ 852,670	\$ 431,037

See accompanying 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, 2022

	Governmental Activities			Business-type Activities
	General Fund	Capital Project Fund	Total	Enterprise Fund
DISBURSEMENTS				
General government	\$ 86,904	\$ -	\$ 86,904	\$ -
Public Safety				
Police	102,270	-	102,270	-
Fire	10,603	-	10,603	-
Public Works	95,236	434,751	529,987	-
Culture and Recreation				
Library	19,999	-	19,999	-
Enterprise				
Natural gas	-	-	-	145,011
Water	-	-	-	205,952
Debt Service				
Principal	58,167	-	58,167	48,171
Interest	7,534	-	7,534	5,901
Total Disbursements	<u>380,713</u>	<u>434,751</u>	<u>815,464</u>	<u>405,035</u>
Excess (Deficit) of cash receipts over disbursements	<u>37,213</u>	<u>(7)</u>	<u>37,206</u>	<u>26,002</u>
CASH BALANCE - BEGINNING OF YEAR	<u>522,296</u>	<u>108</u>	<u>522,404</u>	<u>542,547</u>
CASH BALANCE - END OF YEAR	<u>\$ 559,509</u>	<u>\$ 101</u>	<u>\$ 559,610</u>	<u>\$ 568,549</u>

See accompanying independent accountants' compilation report.

SUPPLEMENTARY INFORMATION

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Investments
For the Year Ended September 30, 2022

<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	0.25%	11/9/2021	11/9/2022	Bank of Kilmichael	\$ 69,793
Enterprise Fund	Certificate of Deposit	0.85%	9/9/2022	9/9/2023	Bank of Kilmichael	27,528
Enterprise Fund	Certificate of Deposit	0.25%	8/15/2022	8/15/2023	Bank of Kilmichael	<u>102,836</u>
Total Investments						<u><u>\$ 200,157</u></u>

See accompanying independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2022

Definition and Purpose	Balance Outstanding 9/30/2021	Transactions During Fiscal Year		Balance Outstanding 9/30/2022
		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.	\$ 62,515	-	15,066	\$ 47,449
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.	67,702	-	33,105	34,597
Note Payable:				
2% note payable with the Bank of Kilmichael, issued July 18, 2021, original amount \$366,640, payable on demand or by July 31, 2025.	<u>366,640</u>	<u>-</u>	<u>58,167</u>	<u>308,473</u>
Total	<u>\$ 496,857</u>	<u>-</u>	<u>106,338</u>	<u>\$ 390,519</u>

See accompanying independent accountants' compilation report.

TOWN OF KILMICHAEL, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Bryan R. Lott	Mayor	St. Paul Travelers	\$ 25,000
Pauline Hall	Town Clerk	Western Surety	\$ 75,000
Barry C. Gregg	Police Chief	RLI Insurance Co.	\$ 50,000
Marcus N. Lawson	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
Justin C. Eldridge	Alderman	St. Paul Travelers	\$ 25,000

See accompanying independent accountants' compilation report.



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**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 Municipal Officials of the Town of Kilmichael, Mississippi, for the year ended September 30, 2022, 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 Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Kilmichael, Mississippi, for the year ended September 30, 2022, 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
December 19, 2023

Watkins Ward and Stafford, PUC



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**Independent Accountants' Report on
Applying Agreed-Up 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, 2022, 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	\$ 559,509
Bank of Kilmichael	Enterprise	\$ 368,392
Bank of Kilmichael	Other Governmental	\$ 101

2. All investments were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972). This total is included in the ending cash balance in the statement of cash receipts and disbursements.

<u>Bank</u>	<u>Fund</u>	<u>General Ledger Cost</u>
Bank of Kilmichael	Enterprise	\$ 200,157

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 compliance 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	\$ 18,623
Other Aid in Municipalities	Capital Project Fund	\$ 48,176
Other Aid in Municipalities	Enterprise Fund	\$ 172,607
Other Aid in Municipalities	General Fund	\$ 77,441
Gasoline Tax	General Fund	\$ 1,976
Homestead Exemption	General Fund	\$ 16,405
Sales Tax Allocation	General Fund	\$ 69,244
General Municipal Aid	General Fund	\$ 348
Nuclear Power Plant	General Fund	\$ 5,106
Fire Protection Allocation	General Fund	\$ 8,076
Other Loans	General Fund	\$ 213,962

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	\$ 18,005

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.

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, 2022.

Eupora, Mississippi
December 19, 2023

Watkins Ward and Stafford, PLLC

TOWN OF KILMICHAEL, MISSISSIPPI
Additional Information
For the Year Ended September 30, 2022

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, 2022 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, 2022, and September 30, 2021, were \$27,698, and \$34,227, respectively. Employee contributions to PERS for the years ended September 30, 2022, and September 30, 2021, were \$14,326, and \$16,498, respectively.