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**TOWN OF STURGIS, MISSISSIPPI  
COMPILATION REPORT  
AND REPORT ON AGREED-UPON PROCEDURES  
SEPTEMBER 30, 2016**

**WATKINS, WARD AND STAFFORD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**



**TOWN OF STURGIS, MISSISSIPPI  
COMPILATION REPORT AND REPORT ON AGREED UPON PROCEDURES  
SEPTEMBER 30, 2016**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

The Honorable Mayor and Board of Aldermen  
Town of Sturgis, Mississippi

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements—Governmental, Fiduciary and Business-type Activities of the Town of Sturgis, Mississippi for the year ended September 30, 2016, and the related notes to financial statement, which collectively comprise the Town's basic financial statements as listed in the 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, Fiduciary 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, Fiduciary 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, Fiduciary 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*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 *Governmental 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.

The supplementary information contained in Schedules 1 through 3 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, Fiduciary 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 June 30, 2017 on the results of our agreed-upon procedures.

Starkville, Mississippi  
June 30, 2017

*Watkins Ward and Stafford, PLLC*





**Town of Sturgis, Mississippi**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental, Fiduciary and Business-type Activities**  
**For the Year Ended September 30, 2016**

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>		<u>Business-type Activities</u>	
	<u>Other</u>			<u>Fiduciary</u>		<u>Major Fund</u>	
	<u>Major Fund</u>	<u>Governmental-</u> <u>type Funds</u>		<u>Fund</u>			
		<u>Special</u>					
		<u>Revenue</u>					
	<u>General Fund</u>	<u>Funds</u>	<u>Total</u>	<u>Fiduciary Fund</u>	<u>Total</u>	<u>Water Fund</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>							
Taxes							
General property tax	\$ 43,088		\$ 43,088				
Franchise tax	901		901				
Privilege tax	10,441		10,441				
Intergovernmental revenue							
State shared revenue							
General municipal aid	127		127				
Sales tax	36,511		36,511				
Gasoline tax	778		778				
TVA - in lieu of taxes	1,161		1,161				
Alcohol beverage licenses	900		900				
Homestead reimbursement	3,003		3,003				
Charges for services							
Water utility						\$ 123,910	\$ 123,910
Other receipts							
Grants	47,001		47,001				
Fines and forfeitures	2,371		2,371				
Interest earned	-	\$ 18	18	\$ -	\$ -	-	-
Miscellaneous	17,305		17,305	3,332	3,332		
Motorcycle rally		10,803	10,803				
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 163,587</b>	<b>\$ 10,821</b>	<b>\$ 174,408</b>	<b>\$ 3,332</b>	<b>\$ 3,332</b>	<b>\$ 123,910</b>	<b>\$ 123,910</b>

See accompanying notes and independent accountants' compilation report.



Town of Sturgis, Mississippi  
Statement of Cash Receipts and Disbursements-  
Governmental, Fiduciary and Business-type Activities  
For the Year Ended September 30, 2016

	Governmental Activities			Fiduciary Activities		Business-type Activities	
	Other			Fiduciary		Major Fund	
	Major Fund	Governmental- type Funds		Fund			
		Special Revenue Funds	Total	Fiduciary Fund	Total	Water Fund	Total
DISBURSEMENTS:	General Fund						
General government	\$ 135,529		\$ 135,529				
Public safety							
Police	2,820		2,820				
Fire	22,488		22,488				
Culture and Recreation							
Libraries	6,875		6,875				
Motorcycle rally		\$ 22,770	22,770				
Enterprises							
Water utility						\$ 114,302	\$ 114,302
Cemetery				\$ 3,750	\$ 3,750		
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 167,712</b>	<b>\$ 22,770</b>	<b>\$ 190,482</b>	<b>\$ 3,750</b>	<b>\$ 3,750</b>	<b>\$ 114,302</b>	<b>\$ 114,302</b>

See accompanying notes and independent accountants' compilation report.



**Town of Sturgis, Mississippi**  
**Statement of Cash Receipts and Disbursements-**  
**Governmental, Fiduciary and Business-type Activities**  
**For the Year Ended September 30, 2016**

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>		<u>Business-type Activities</u>	
	<u>Major Fund</u>	<u>Other Governmental-type Funds</u>		<u>Fiduciary Fund</u>		<u>Major Fund</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>	<u>Fiduciary Fund</u>	<u>Total</u>	<u>Water Fund</u>	<u>Total</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER DISBURSEMENTS	\$ (4,125)	\$ (11,949)	\$ (16,075)	\$ (418)	\$ (418)	\$ 9,608	\$ 9,608
OTHER FINANCING SOURCES (USES)							
Other sources (uses)	(15,268)	20,859	5,591	(321)		26,957	26,957
Loans repaid						(25,810)	(25,810)
Cash CD							
TOTAL OTHER FINANCING SOURCES (USES)	(15,268)	20,859	5,591	(321)	(321)	1,147	1,147
Excess (Deficiency) of cash receipts and other financing sources over disbursements and other financing uses	(19,393)	8,910	(10,484)	(739)	(739)	10,755	10,755
CASH BALANCE-BEGINNING	68,015	4,911	72,926	2,344	2,344	29,181	29,181
CASH BALANCE-ENDING	\$ 48,622	\$ 13,821	\$ 62,442	\$ 1,605	\$ 1,605	\$ 39,936	\$ 39,936

See accompanying notes and independent accountants' compilation report.



## **TOWN OF STURGIS, MISSISSIPPI NOTES TO FINANCIAL STATEMENT**

### **Note 1: Summary of Significant Accounting Policies**

#### **Reporting Entity**

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

The Citizens of Sturgis 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 statement in this report, into four generic fund types and three 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.





# **TOWN OF STURGIS, MISSISSIPPI** **NOTES TO FINANCIAL STATEMENT**

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

**Other Governmental-type Funds** - Special Revenue Funds are established by a government to collect money that must be used for a specific project. Special Revenue Funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose. The Special Revenue Funds consist of the activities of the Little Sturgis Bike Rally and the Summer League.

### **Fiduciary Funds:**

**Fiduciary Funds** - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The Fiduciary Fund is the Cemetery Fund.

### **Proprietary Funds:**

**Enterprise Funds** - Enterprise Funds are the Business-type Activities and 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 Business-type Activity is the Water 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, fiduciary 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



**TOWN OF STURGIS, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENT**

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

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 financial statements would be presented on the accrual basis of accounting.

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 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.



**SUPPLEMENTAL INFORMATION**



**TOWN OF STURGIS, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
SEPTEMBER 30, 2016**

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity	Bank	Amount
General fund	CD	0.35%	12/04/2008	09/04/2019	CB&S Bank	\$ 21,226
Cemetery fund	CD	0.60%	05/27/1998	09/04/2017	CB&S Bank	6,502
Water department	CD	0.35%	11/19/2008	08/19/2019	CB&S Bank	174,460
Little Sturgis	CD	0.35%	10/10/2011	09/17/2019	CB&S Bank	46,807
					Total	<u>\$ 248,996</u>

See accompanying notes and independent accountants' compilation report.





**TOWN OF STURGIS, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
SEPTEMBER 30, 2016**

Issued	Payor	Balance Outstanding 10/01/2015	Issued	Redeemed	Balance Outstanding 09/30/2016
2/04/2015	CB&S	\$ 69,536	-0-	\$25,726	\$ 43,809
		\$ 69,536	-0-	\$25,726	\$ 43,809

See accompanying notes and independent accountants' compilation report.



**TOWN OF STURGIS, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
SEPTEMBER 30, 2016**

Position	Name	Insurance Company	Coverage
Mayor	Walter Turner	Scott Insurance	\$ 25,000
City Clerk	Penney McMinn	Western Surety	\$ 50,000
Alderman	Annie Morgan	Scott Insurance	\$ 10,000
Alderman	Billy Blankenship	Scott Insurance	\$ 10,000
Alderman	Eric Jackson	Scott Insurance	\$ 10,000
Alderman	Laura Smith	Scott Insurance	\$ 10,000
Alderman	Jim Morgan	Scott Insurance	\$ 10,000

See accompanying notes and independent accountants' compilation report.





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**REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

The Honorable Mayor and Board of Alderman  
Town of Sturgis, Mississippi

We have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental, Fiduciary and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officers of the Town of Sturgis, Mississippi, for the year ended September 30, 2016, in accordance with Statements of 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, Fiduciary and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officers of the Town of Sturgis, Mississippi, for the year ended September 30, 2016, 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.

Starkville, Mississippi  
June 30, 2017

*Watkins Ward and Stafford, PLLC*





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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

The Honorable Mayor and Board of Aldermen  
Town of Sturgis, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Sturgis, Mississippi, solely to assist the Office of the State Auditor in evaluating the Town of Sturgis, Mississippi's compliance with certain laws and regulations as of September 30, 2016, 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 for 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 bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

Bank	Fund	Balance
CB&S Bank	General Funds:	
	General fund	\$ 6,977
	Fire department	41,644
	Total General Funds	<u>\$ 48,621</u>
	Special Revenue Funds:	
	Little Sturgis	\$ 9,796
	Summer League	4,025
	Total Special Revenue Funds	<u>\$ 13,821</u>
	Fiduciary Funds:	
	Cemetery fund	\$ 1,605
	Total Fiduciary Funds	<u>\$ 1,605</u>
	Proprietary Funds:	
	Water department	\$ 39,936
	Total Proprietary Funds	<u>\$ 39,936</u>





- 2) All investments were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by §21-33-323, Miss. Code Ann. (1972).

Type	Fund	Value
Certificate of Deposit	General Fund	\$ 21,226
Certificate of Deposit	Cemetery Fund	6,502
Certificate of Deposit	Water Department	174,460
Certificate of Deposit	Little Sturgis	46,807
		<u>\$ 248,996</u>

- 3) We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Tax assessments, billings and collections are handled by the Oktibbeha County's tax collector's office and remitted monthly to the Town of Sturgis. The tax levy and the calculation of the distribution to the individual entities is audited extensively by the auditors of Oktibbeha County; therefore, the auditor will not perform a reconciliation of the tax roll to collections and will rely on the work of the audited Oktibbeha County tax roll.
- b. Traced distribution of taxes collected to proper funds

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 §27-39-320 to §27-39-323, Miss. Code Ann. (1972).

There were no ad valorem tax collections for the retirement of General Obligation Debt.

- 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:

Payment Purpose	Receiving Fund	Amount
Sales tax allocation	General	\$ 36,511
General municipal aid	General	127
Other aid – MS Development Authority	General	47,001
TVA payments in lieu of taxes	General	1,161
Liquor privilege tax	General	900
Gasoline tax	General	778
Homestead exemption reimbursement	General	3,003
	Total	<u>\$ 89,481</u>



- 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), if applicable.

The sample consisted of the following:

- a. Number of Sample Items 40
- b. Total Dollar Value of Sample \$ 16,210

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections. However, the Town needs to attach supporting documentation to all check stubs, pay attention to check numbers when posting transactions and pay checks in a sequential manner

- 6) We have read the Municipal Compliance Questionnaire completed by the municipality. 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.

Starkville, Mississippi  
June 30, 2017

*Watkins Ward and Stafford, PLLC*

