

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 STURGIS, MISSISSIPPI
COMPILATION REPORT
AND REPORT ON AGREED-UPON PROCEDURES
SEPTEMBER 30, 2020**

**TOWN OF STURGIS, MISSISSIPPI
COMPILATION REPORT AND REPORT ON AGREED-UPON PROCEDURES
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	6
Supplemental Information	
Schedule of Investments	10
Schedule of Long-Term Debt	11
Schedule of Surety Bonds for Municipal Officials	12
Report on Compliance with State Laws and Regulations	13
Independent Accountants' Report on Applying Agreed-Upon Procedures	14



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

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Honorable Mayor and Board of Aldermen
Town of Sturgis, Mississippi

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements—Governmental and Business-type Activities of the Town of Sturgis, Mississippi for the year ended September 30, 2020, 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 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 in 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.

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 April 16, 2022 on the results of our agreed-upon procedures.

Kosciusko, Mississippi
April 16, 2022

Watkins Ward and Stafford, PLLC

Town of Sturgis
Statement of Cash Receipts and Disbursements-
Governmental and Business-type Activities
For the Year Ended September 30, 2020

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>		<u>Business-type Activities</u>	
		<u>Other Governmental- type Funds</u>		<u>Fiduciary Fund</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>	<u>Fiduciary Fund</u>	<u>Total</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
CASH RECEIPTS:							
Taxes							
General property tax	\$ 48,699	\$ -	\$ 48,699	\$ -	\$ -	\$ -	\$ -
Franchise tax	3,079	-	3,079	-	-	-	-
Privilege tax	370	-	370	-	-	-	-
Intergovernmental revenue							
State shared revenue							
General municipal aid	21,686	-	21,686	-	-	-	-
Sales tax	26,411	-	26,411	-	-	-	-
Gasoline tax	778	-	778	-	-	-	-
TVA in lieu of Tax	1,857	-	1,857	-	-	-	-
Liquor Privilege Tax	900	-	900	-	-	-	-
Homestead reimbursement	3,597	-	3,597	-	-	-	-
Charges for services							
Water utility	-	-	-	-	-	150,545	150,545
Other receipts							
Fire rebate & fire protection	13,839	-	13,839	-	-	-	-
Fines and forfeitures	11,658	-	11,658	-	-	-	-
Interest earned	240	-	240	50	50	3,682	3,682
Motorcycle Rally		1,758	1,758	-	-	-	-
Summer League	-	-	-	-	-	-	-
Cemetery		-	-	4,508	4,508	-	-
Miscellaneous	36,723	-	36,723	-	-	-	-
TOTAL CASH RECEIPTS	<u>\$ 169,837</u>	<u>\$ 1,758</u>	<u>\$ 171,595</u>	<u>\$ 4,558</u>	<u>\$ 4,558</u>	<u>\$ 154,227</u>	<u>\$ 154,227</u>

Town of Sturgis
Statement of Cash Receipts and Disbursements-
Governmental and Business-type Activities
For the Year Ended September 30, 2020

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>		<u>Business-type Activities</u>	
		<u>Other Governmental- type Funds</u>		<u>Fiduciary Fund</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>	<u>Fiduciary Fund</u>	<u>Total</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
DISBURSEMENTS:							
General government	\$ 144,816	\$ -	\$ 144,816	\$ -	\$ -	\$ -	\$ -
Public safety							
Police	-	-	-	-	-	-	-
Fire	4,204	-	4,204	-	-	-	-
Culture and Recreation							
Summer League	-	-	-	-	-	-	-
Motorcycle rally	-	8,816	8,816	-	-	-	-
Enterprises							
Water utility	-	-	-	-	-	77,688	77,688
Cemetery	-	-	-	4,976	4,976	-	-
TOTAL DISBURSEMENTS	<u>\$ 149,020</u>	<u>\$ 8,816</u>	<u>\$ 157,836</u>	<u>\$ 4,976</u>	<u>\$ 4,976</u>	<u>\$ 77,688</u>	<u>\$ 77,688</u>

See accompanying notes and independent accountants' compilation report.

Town of Sturgis
Statement of Cash Receipts and Disbursements-
Governmental and Business-type Activities
For the Year Ended September 30, 2020

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>		<u>Business-type Activities</u>	
		<u>Other Governmental- type Funds</u>		<u>Fiduciary Fund</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>	<u>Fiduciary Fund</u>	<u>Total</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER DISBURSEMENTS	<u>\$ 20,817</u>	<u>\$ (7,058)</u>	<u>\$ 13,759</u>	<u>\$ (418)</u>	<u>\$ (418)</u>	<u>\$ 76,539</u>	<u>\$ 76,539</u>
OTHER FINANCING SOURCES (USES)							
Other Sources (Uses)	<u>23,723</u>	<u>(12,413)</u>	<u>11,310</u>	<u></u>	<u>-</u>	<u>524</u>	<u>524</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,723</u>	<u>(12,413)</u>	<u>11,310</u>	<u>-</u>	<u>-</u>	<u>524</u>	<u>524</u>
 Excess (Deficiency) of cash receipts and other financing sources over disbursements and other financing uses	<u>44,540</u>	<u>(19,471)</u>	<u>25,069</u>	<u>(418)</u>	<u>(418)</u>	<u>77,063</u>	<u>77,063</u>
 CASH BALANCE-BEGINNING	<u>57,688</u>	<u>56,951</u>	<u>114,639</u>	<u>14,007</u>	<u>14,007</u>	<u>269,279</u>	<u>269,279</u>
 CASH BALANCE-ENDING	<u><u>\$ 102,228</u></u>	<u><u>\$ 37,480</u></u>	<u><u>\$ 139,708</u></u>	<u><u>\$ 13,589</u></u>	<u><u>\$ 13,589</u></u>	<u><u>\$ 346,342</u></u>	<u><u>\$ 346,342</u></u>

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. 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 four 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 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 consist of 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 Enterprise Funds are the Water and Sewer 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 is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

TOWN OF STURGIS, MISSISSIPPI NOTES TO FINANCIAL STATEMENT

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.

Note 3: Contingencies

Since the advent of the COVID-19 pandemic in March, 2020, the Town of Sturgis 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 years. Additionally, the Town of Sturgis 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 Sturgis.

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 Sturgis evaluated the activity of the municipality through April 16, 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.

SUPPLEMENTAL INFORMATION

TOWN OF STURGIS, MISSISSIPPI
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2020

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity	Bank	Amount
General fund	CD	0.90%	12-04-08	12-04-20	CB&S Bank	\$ 11,869
General Fund	CD	0.35%	06-05-20	06-05-21	CB&S Bank	25,636
Water Fund	CD	0.90%	11-19-08	11-19-20	CB&S Bank	182,178
Little Sturgis	CD	0.90%	10-10-11	10-16-20	CB&S Bank	27,010
Cemetery Fund	CD	0.35%	01-26-07	01-26-21	CB&S Bank	3,578
Total						<u><u>\$ 250,271</u></u>

See accompanying notes and independent accountants' compilation report.

**TOWN OF STURGIS, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2020**

None

See accompanying notes and independent accountants' compilation report.

TOWN OF STURGIS, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2020

POSITION	NAME	INSURANCE COMPANY	COVERAGE
Mayor	Billy Blankenship	Travelers	\$ 25,000
City Clerk	Penney McMinn	Western Surety	\$ 50,000
Deputy Clerk	Sara Etheridge	Western Surety	\$ 50,000
Alderman	Annie Morgan	Travelers	\$ 10,000
Alderman	Susanne McClelland	Travelers	\$ 10,000
Alderman	James Jackson	Travelers	\$ 10,000
Alderman	Laura Smith	Travelers	\$ 10,000
Alderman	Jim Morgan	Travelers	\$ 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 and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Sturgis, Mississippi, for the year ended September 30, 2020, 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 and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials of the Town of Sturgis, 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.

Kosciusko, Mississippi
April 16, 2022

Watkins Ward and Stafford, PLLC



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

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Sturgis, Mississippi, as of September 30, 2020, 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 Sturgis, 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 confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance</u>
CB&S Bank	General Funds:	
	General Fund	\$ 29,001
	General Fund	5,795
	Fire Fund	29,927
	Total General Funds	<u>\$ 64,723</u>
CB&S Bank	Special Revenue Funds:	
	Little Sturgis	\$ 10,269
	Summer League	201
	Total Special Revenue Funds	<u>\$ 10,470</u>
CB&S Bank	Fiduciary Funds:	
	Cemetery Fund	\$ 10,011
	Total Fiduciary Funds	<u>\$ 10,011</u>
CB&S Bank	Proprietary Funds:	
	Water Department	\$ 164,164
	Total Proprietary Funds	<u>\$ 164,164</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). This total is included in the ending cash balance in the statement of cash receipts and disbursements.

Type	Fund	Value
Certificate of Deposit	General Fund	\$ 11,869
Certificate of Deposit	General Fund	25,636
Certificate of Deposit	Water Fund	182,178
Certificate of Deposit	Little Sturgis	27,010
Certificate of Deposit	Cemetery Fund	3,578
		<u>\$ 250,271</u>

- 3) We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Tax assessments, billings and collections are handled by the Oktibbeha County's tax collector's office and remitted monthly to the Town of Sturgis; therefore the accountant will not perform a reconciliation of the tax roll to collections.
 - 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:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Gasoline tax	General	\$ 778
General Municipal Aid	General	127
Liquor Tax	General	900
Homestead exemption reimbursement	General	3,597
Sales tax allocation	General	26,411
Other Aid	General	21,559
Fire Protection	Fire	1,532
Nuclear plant payments in lieu of taxes	General	1,857
	Total	<u>\$ 56,761</u>

- 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:

- a. Number of Sample Items 14
- b. Total Dollar Value of Sample \$10,590

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

- 6) We have read the Municipal Compliance Questionnaire completed by the municipality. 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 Sturgis, Mississippi for the year ended September 30, 2020.

Kosciusko, Mississippi
April 16, 2022

Watkins Ward and Stafford, P.C.