



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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
SPECIAL REPORT ON
AGREED-UPON PROCEDURES
FOR SMALL TOWNS
SEPTEMBER 30, 2007

HEGLIVLL
FEB 07 2008
STATE AUDITOR'S OFFICE

TOWN OF STURGIS, MISSISSIPPI
COMPILATION REPORT
SEPTEMBER 30, 2007

CONTENTS

	<u>Page</u>
Accountants' Compilation Report	1
Combined Statement of Cash Receipts & Disbursements – All Funds	2-3
Notes to Financial Statement	4-6
Schedule of Investments – All Funds	7
Schedule of Surety Bonds for Municipal Officials	8
Special Report on Agreed-Upon Procedures for Small Municipalities (Towns)	9-11



WATKINS, WARD AND STAFFORD

Professional Limited Liability Company
Certified Public Accountants

One Professional Plaza P.O. Box 1345 Starkville, MS 39760
200 Hospital Road
Phone (662) 323-9071

Fax (662) 323-9075

James L. Stafford, CPA
Harry W. Stevens, CPA
Boyd M. Edwards, CPA
Paul A. Ray, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Aubrey R. Holder, CPA
David M. Howell, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
Gary C. Hamilton, CPA

R. Steve Sinclair, CPA
Michael L. Pierce, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PA
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA

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

We have compiled the accompanying combined statement of cash receipts and disbursements – all funds of the Town of Sturgis, Mississippi for the year ended September 30, 2007, and the accompanying supplemental information, which is presented only for supplementary analysis purposes, 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.

A compilation is limited to presenting in the form of a financial statement information that is the representation of management. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or any other form of assurance on it.

Management has not presented the management's discussion and analysis information and budgetary comparison information that the *Government Accounting Standards Board* has determined is required to supplement, although not required to be a part of, the basic financial statements.

Starkville, Mississippi
January 24, 2008

Wattis Wardal Stafford

TOWN OF STURGIS
COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS - ALL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Special Revenue	Proprietary Fund	Fiduciary Fund	Totals (Memorandum Only)
Revenue Receipts:					
General Property Taxes	\$ 46,856				46,856
Licenses and Permits	5,122				5,122
Intergovernmental Revenues:					
Federal Revenue:					
General Municipal Aid	107				107
Homeland Security Grant	5,322				5,322
State Shared Revenues:					
Sales Tax	42,455				42,455
Gasoline Tax	570				570
TVA Payments in Lieu of Tax	2,683				2,683
Alcoholic Beverage Licenses	900				900
Fire Protection	975				975
County Revenue:					
Fire Protection	21,000				21,000
Charges for Services:					
Water Utility			134,646		134,646
Fines and Forfeits:					
Police fines	18,483				18,483
Total Receipts	<u>144,473</u>	<u>-</u>	<u>134,646</u>	<u>-</u>	<u>279,119</u>
Other Receipts:					
Interest Income	539	60	479	324	1,402
Contributions	1,240	142,952		420	144,612
Loans and transfers	59,560	4,854			64,414
Total Other Receipts	<u>\$ 61,339</u>	<u>147,866</u>	<u>479</u>	<u>744</u>	<u>210,428</u>

TOWN OF STURGIS
COMBINED STATEMENT OF CASH RECEIPTS & DISBURSEMENTS - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Special Revenue	Proprietary Fund	Fiduciary Fund	Totals (Memorandum Only)
Total Receipts	\$ 205,812	147,866	135,125	744	489,547
Cash Balance - Beginning of Year	86,335	12,655	156,751	22,364	278,105
TOTAL AMOUNT TO ACCOUNT FOR	\$ 292,147	160,521	291,876	23,108	767,652
Operating Disbursements:					
General Government	125,820				125,820
Public Safety:					
Police	40,584				40,584
Fire	9,121				9,121
Culture and Recreation:					
Libraries	4,800				4,800
Motorcycle Rally		69,129			69,129
Summer League		8,725			8,725
Enterprises:					
Water Utility			53,422		53,422
Cemetery				1,338	1,338
Capital Outlay	22,045	39,677			61,722
Total Operating Disbursements	202,370	117,531	53,422	1,338	374,661
Other Disbursements:					
Loans Repaid			41,252		41,252
Loans and Transfers	4,684	12,645	47,085		64,414
Total Other Disbursements	4,684	12,645	88,337	-	105,666
Total Disbursements	207,054	130,176	141,759	1,338	480,327
Cash Balance - End of Year	85,093	30,345	150,117	21,770	287,325
TOTAL AMOUNT ACCOUNTED FOR	\$ 292,147	160,521	291,876	23,108	767,652

See accompanying notes and accountants' compilation report.

**TOWN OF STURGIS
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2007**

NOTE A – 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 Statutes 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, 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. 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 of this report, into four generic fund types and three broad fund categories as follows:

TOWN OF STURGIS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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.

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds that are legally restricted to expenditures for specified purposes.

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 has 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.

Fiduciary Funds:

Trust and Agency Funds – Trust and Agency Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support town programs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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 receipts and disbursements basis of accounting as prescribed by the Mississippi State Department of Audit. Revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred.

TOWN OF STURGIS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
SEPTEMBER 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 STURGIS
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2007**

<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	2.81%	9/9/2007	6 months	AmSouth Bank	\$ 22,335
Water Department	Certificate of Deposit	4.27%	6/1/2007	1 year	AmSouth Bank	\$ 5,249
Cemetery Fund	Certificate of Deposit	2.00%	5/11/2007	6 months	AmSouth Bank	\$ 12,305

**TOWN OF STURGIS
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2007**

NAME	POSITION	INSURANCE COMPANY	BOND AMOUNT	BOND NUMBER	TIME PERIOD
Jacob Scott Smith	Mayor	Western Surety Company	\$ 10,000	69316309	3/26/2007 - 3/26/2008
Sandra Scarbrough	City Clerk	Travelers Casualty and Surety Company	\$ 50,000	400SA5643	4/18/2007 - 4/18/2008
William L. Hutchinson, II	Deputy Sheriff	Western Surety Company	\$ 25,000	69289172	2/6/2007 - 2/6/2008
Justin Wayne Brown	Deputy Sheriff	Western Surety Company	\$ 25,000	69999905	11/3/2006 - 11/3/2007
Gary W. Boisseau	Police Officer	Western Surety Company	\$ 25,000	70270975	3/26/2007 - 3/26/2008
Charles Bradberry	Alderman	Travelers Casualty and Surety Company	\$ 5,000	104586105	7/1/2005 - 7/1/2009
Derrell Collins	Alderman	Travelers Casualty and Surety Company	\$ 5,000	104586107	7/1/2005 - 7/1/2009
James Jackson, III	Alderman	Travelers Casualty and Surety Company	\$ 5,000	104586109	7/1/2005 - 7/1/2009
Irby Carpenter	Alderman	Travelers Casualty and Surety Company	\$ 5,000	104586106	7/1/2005 - 7/1/2009
Wanda Morgan	Alderman	Travelers Casualty and Surety Company	\$ 5,000	104586108	7/1/2005 - 7/1/2009



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

One Professional Plaza P.O. Box 1345 Starkville, MS 39760
200 Hospital Road
Phone (662) 323-9071

Fax (662) 323-9075

James L. Stafford, CPA
Harry W. Stevens, CPA
Boyd M. Edwards, CPA
Paul A. Ray, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Aubrey R. Holder, CPA
David M. Howell, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
Gary C. Hamilton, CPA

R. Steve Sinclair, CPA
Michael L. Pierce, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA

**SPECIAL REPORT ON AGREED-UPON
PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

The Honorable Mayor and Board of Aldermen
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, 2007, 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 banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Citizens Bank	General Funds:	
	General Fund	\$ 22,990
	Fire Department	39,768
	Special Revenue Funds:	
	Little Sturgis	6,636
Renasant Bank	Summer League	5,616
	Sturgis Rally	18,093
Citizens Bank	Fiduciary Fund:	
	Cemetery Fund	9,465
	Proprietary Fund:	
	Water Department	87,561
	Water Department Savings	57,307

2. We physically examined securities held for investment. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>General Security</u>	<u>Fund</u>	<u>Ledger Cost</u>
Certificate of Deposit	General Fund	\$ 22,335
Certificate of Deposit	Cemetery Fund	12,305
Certificate of Deposit	Water Department	5,249
		<u>\$ 39,889</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. Verify use of certified county assessment rolls and trace levies to governing body minutes;
 - b. Examined uncollected taxes for proper handling, including tax sales;
 - c. Traced distribution of taxes collected to proper funds; and
 - d. Analyzed increase in taxes for the 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, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, 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 deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

Payment Purpose	Receiving Fund/Account	General Ledger Amount
Sales Tax Allocation	General	\$ 42,455
Gen. Municipal Aid	General	107
TVA Pymts. Lieu of Tax	General	2,683
Liquor Privilege Tax	General	900
Gasoline Tax	General	570
Homestead Exemption	General	1,835
Other Aid in Municipalities	General	5,322
Fire Protection Allocation	General	975
Total		\$ 54,847

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	\$10,488

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 one instance of noncompliance with state requirements. It was not timely approved by the board.

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, 2007.

Starkville, Mississippi
January 24, 2008

Watho Ward and Staff