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Mayor  
Sally Garland  
City Clerk  
Kimberly A. Vaughn  
City Attorney  
Robert W. Lawrence  
Police Chief  
Anthony "Stoney" Parker  
Fire Chief  
David Herrington



Alderman At Large  
Warren Thornton  
Ward 1  
Ray Brown, Jr.  
Ward 2  
Steve Singleton  
Ward 3  
Darren J. Powell  
Ward 4  
Hugh Webb

# City of Crystal Springs

April 27, 2017

Office of the State Auditor  
Post Office Box 956  
Jackson, MS 39205

Re: 2016 Annual Municipal Audit

Dear Sir:

Accompanying this letter is a copy of the annual audit of the City of Crystal Springs, MS for the fiscal year ended September 30, 2016. A separate management letter was not written to the City in connection with this audit.

Sincerely,

Sally Garland,  
Mayor

Attachment





**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
AND  
SPECIAL REPORTS**

**SEPTEMBER 30, 2016**





**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

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**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**FINANCIAL SECTION**

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# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Board of Aldermen  
City of Crystal Springs, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Crystal Springs, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crystal Springs, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such 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 appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

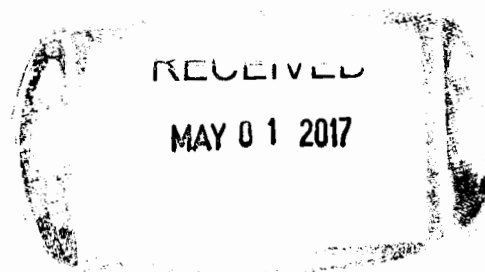
The City of Crystal Springs, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

The Schedule of Changes in Long-term Debt, the Schedule of Investments-All Funds, the Schedule of Capital Assets, the Schedule of Surety Bonds for Municipal Officials and Employees and the Statement of Cash Receipts and Disbursements - Water/Sewer Fund for the City of Crystal Springs, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Requirements Required by Government Auditing Standards**

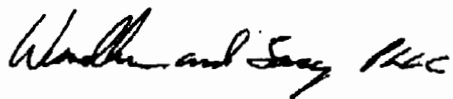
In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of the City of Crystal Springs, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crystal Springs, Mississippi's internal control over financial reporting and compliance.





### Emphasis of Matter

As discussed in Note 1, the City of Crystal Springs, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Windham and Lacey, PLLC  
March 10, 2017

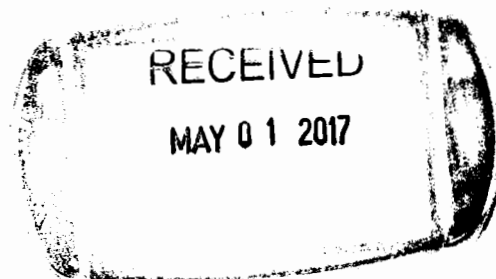
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**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**FINANCIAL STATEMENTS**







City of Crystal Springs, Mississippi  
Statement of Activities and Net Cash Position - Cash Basis  
As of and for the Year Ended September 30, 2016

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,539,376	37,603	2,515		(1,499,258)		(1,499,258)
Public safety	1,573,963	99,430	64,424	110,695	(1,299,414)		(1,299,414)
Public works	2,009,851	399,478			(1,610,373)		(1,610,373)
Health and welfare	2,100	14,993			12,893		12,893
Culture and recreation	383,792	26,652	3,855		(353,285)		(353,285)
Economic development	11,048		250		(10,798)		(10,798)
Interest on long-term debt	48,506				(48,506)		(48,506)
Total Governmental Activities	5,568,636	578,156	71,044	110,695	(4,808,741)	0	(4,808,741)
Business-type Activities:							
Water/Sewer	2,069,792	1,060,982	16,469			(992,341)	(992,341)
Cemetery		10,050				10,050	10,050
Total Business-type Activities	2,069,792	1,071,032	16,469	0	0	(982,291)	(982,291)
Total Government	\$ 7,638,428	1,649,188	87,513	110,695	(4,808,741)	(982,291)	(5,791,032)
General Receipts							
Taxes:							
Property taxes					\$ 1,098,326		1,098,326
Road & bridge privilege taxes					166,592		166,592
Sales tax					737,365		737,365
Franchise taxes					124,968		124,968
Grants and contributions not restricted to specific programs					139,668		139,668
Unrestricted investment income					18,853	4,947	23,800
Miscellaneous					85,389	43,700	129,089
Proceeds from debt					1,322,354	834,671	2,157,025
Transfers					72,994	(72,994)	
Total General Receipts					3,766,509	810,324	4,576,833
Change in net cash position					(1,042,232)	(171,967)	(1,214,199)
Net Cash Position - Beginning					3,158,115	1,786,356	4,944,471
Net Cash Position - Ending					\$ 2,115,883	1,614,389	3,730,272

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**City of Crystal Springs, Mississippi**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2016**

**(Continued)**

**ASSETS**

Cash and cash equivalents	\$ 109,482
Restricted cash	<u>3,620,790</u>
Total Assets	\$ <u>3,730,272</u>

**NET CASH POSITION**

Restricted:	
Restricted for unemployment compensation	\$ 16,705
Restricted for debt service	417,886
Restricted for meter deposits	181,360
Restricted for public safety	33,456
Restricted for public works	2,971,383
Unrestricted	<u>109,482</u>
Total Net Cash Position	\$ <u>3,730,272</u>

The notes to the financial statements are an integral part of this statement.



City of Crystal Springs, Mississippi  
Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
As of and for the Year Ended September 30, 2016

	Governmental Activities				Business-type Activities			
	Major Funds				Major Funds			
	General Fund	Settlement Fund	Non-Major Funds	Total	Water/Sewer Funds	Sewer Surcharge Fund	Non-Major Business-type Fund	Total
<b>RECEIPTS</b>								
Ad valorem taxes	\$ 1,043,969		54,357	1,098,326				
Road and bridge tax	166,592			166,592				
License and permits	16,643			16,643				
Franchise taxes on utilities	124,968			124,968				
Intergovernmental revenues:								
Federal revenues:								
Grants	141,591				16,469			16,469
State shared revenues:								
Sales taxes	737,365			737,365				
Homestead exemption reimbursement	85,247		4,487	89,734				
General municipal aid	2,515			2,515				
Gasoline tax	4,380			4,380				
Fire rebate			32,350	32,350				
Grand Gulf	45,554			45,554				
Charges for services:								
Garbage	399,478			399,478				
Industrial rents	33,000			33,000				
Other	25,232		1,420	26,652				
Water and sewer utility					911,550	149,432		1,060,982
Fines and forfeits	89,308		13,075	102,383				
Interest income	5,664	11,560	1,630	18,854	2,946	1,917	84	4,947
Miscellaneous revenue	47,675	39,641	3,355	90,671	43,700		10,050	53,750
Total Receipts	2,969,181	51,201	110,674	2,989,465	974,665	151,349	10,134	1,136,148

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City of Crystal Springs, Mississippi  
Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
For the Year Ended September 30, 2016

	Governmental Activities				Business-type Activities			
	Major Funds				Major Funds			
	General Fund	Settlement Fund	Non-Major Funds	Total	Water/Sewer Funds	Sewer Surcharge Fund	Non-Major Business-type Fund	Total
<b>DISBURSEMENTS</b>								
General government	\$ 594,611	10,158		604,769				
Public safety	1,433,844			1,433,844				
Public works	720,310		42,371	762,681				
Health and welfare	2,100			2,100				
Culture and recreation	372,036		7,922	379,958				
Economic development	11,048			11,048				
Water and sewer utility and cemetery:								
Personal services					451,132			451,132
Supplies					101,159			101,159
Maintenance & repairs					294,895	11,184		306,079
Utilities					101,897			101,897
Total Disbursements	3,133,949	10,158	50,293	3,194,400	949,083	11,184	0	960,267
Excess of Receipts over (under) Disbursements	(164,768)	41,043	60,381	(63,344)	25,582	140,165	10,134	175,881
<b>OTHER CASH SOURCES (USES)</b>								
Capital outlay	(96,760)	(869,607)	(1,280,041)	(2,246,408)	(857,558)	(27,590)		(885,148)
Principal paid on loan and lease purchase	(14,027)			(14,027)	(129,685)	(34,836)		(164,521)
Interest paid on loan and lease purchase	(324)			(324)	(45,664)	(14,192)		(59,856)
Principal paid on bonds			(65,000)	(65,000)				
Interest and fiscal fees paid on bonds			(48,477)	(48,477)				
Proceeds from debt	22,354		1,300,000	1,322,354	834,671			834,671
Transfers in (out) to other funds	72,994	(316,456)	316,456	72,994	51,520	(124,514)		(72,994)
Total Other Cash Sources and (Uses)	(15,763)	(1,186,063)	222,938	(978,888)	(146,716)	(201,132)	0	(347,848)

(Continued)

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City of Crystal Springs, Mississippi  
Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
For the Year Ended September 30, 2016

	Governmental Activities				Business-type Activities			
	Major Funds				Major Funds			
	General Fund	Settlement Fund	Non-Major Funds	Total	Water/Sewer Fund	Sewer Surcharge Fund	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(180,531)	(1,145,020)	283,319	(1,042,232)	(121,134)	(60,967)	10,134	(171,967)
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>282,745</u>	<u>2,767,387</u>	<u>107,983</u>	<u>3,158,115</u>	<u>1,316,405</u>	<u>455,684</u>	<u>14,267</u>	<u>1,786,356</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 102,214</u>	<u>1,622,367</u>	<u>391,302</u>	<u>2,115,883</u>	<u>1,195,271</u>	<u>394,717</u>	<u>24,401</u>	<u>1,614,389</u>
<b>CASH BASIS ASSETS - End of Year</b>								
Cash and cash equivalents	\$ 85,009		358,346	443,355	84,013		24,401	108,414
Restricted cash	<u>17,205</u>	<u>1,622,367</u>	<u>32,956</u>	<u>1,672,528</u>	<u>1,111,258</u>	<u>394,717</u>		<u>1,505,975</u>
Total Cash Basis Assets	<u>\$ 102,214</u>	<u>1,622,367</u>	<u>391,302</u>	<u>2,115,883</u>	<u>1,195,271</u>	<u>394,717</u>	<u>24,401</u>	<u>1,614,389</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>								
Restricted:								
Restricted for unemployment compensation	\$ 16,705			16,705				
Restricted for meter deposits					181,360			181,360
Restricted for public safety	500		32,956	33,456				
Restricted for public works		1,622,367		1,622,367	929,898	394,717		1,324,615
Committed								
Debt service			333,873	333,873	84,013			84,013
Cemetery							24,401	24,401
Unassigned	<u>85,009</u>		<u>24,473</u>	<u>109,482</u>				
Total Cash Basis Fund Balances	<u>\$ 102,214</u>	<u>1,622,367</u>	<u>391,302</u>	<u>2,115,883</u>	<u>1,195,271</u>	<u>394,717</u>	<u>24,401</u>	<u>1,614,389</u>

The notes to the financial statements are an integral part of this statement.

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# CITY OF CRYSTAL SPRINGS, MISSISSIPPI

## Notes to Financial Statements For the Year Ended September 30, 2016

### (1) Summary of Significant Accounting Policies.

#### A. Financial Reporting Entity.

The City of Crystal Springs, Mississippi, (the City) was incorporated on February 19, 1867. The City operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The City combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *settlement fund* accounts for the settlement proceeds from litigation that will be used for capital and other projects.



**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**Notes to Financial Statements  
For the Year Ended September 30, 2016**

The government reports the following major Proprietary Funds:

The *water/sewer fund* accounts for the activities of providing water and sewer services to citizens of the City.

The *sewer surcharge fund* accounts for surcharges collected to repay indebtedness incurred and for maintenance and repairs to the sewer system.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets and Net Assets or Equity.**

**1. Cash and Investments.**

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

**2. Fund Equity.**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

**Non-spendable** - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City has no fund balance reported in this category.

**Restricted** - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The City has \$30,801 reported as restricted cash basis fund balances.

**Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The City has \$50,253 reported as committed fund balances.

**Assigned** - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the City. The City has no fund balance reported in this category.

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## CITY OF CRYSTAL SPRINGS, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2016

**Unassigned** - Includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

#### (2) Cash and Cash Equivalents.

At year-end, the City's carrying amount of deposits was \$3,730,372 and the bank balance was \$3,906,229. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the City. As of September 30, 2016, none of the City's bank balance of \$3,906,229 was exposed to custodial risk.

**Interest Rate Risk:** The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

#### (3) Defined Benefit Pension Plan.

**Plan Description:** The City of Crystal Springs, Mississippi 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, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

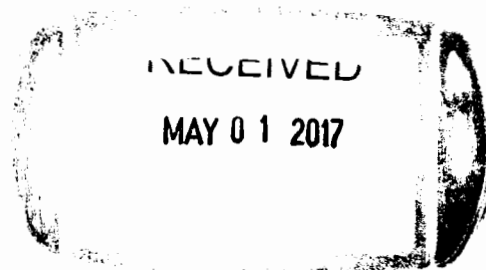
**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ended September 30, 2016, 2015 and 2014 were \$216,833, \$213,207 and \$199,569, respectively, which is equal to the required contributions for each year.





**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**





**City of Crystal Springs, Mississippi**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 1,146,710	1,043,969	1,043,969	
Road and bridge tax	168,006	166,592	166,592	
License and permits	16,900	16,643	16,643	
Franchise taxes on utilities	139,000	124,968	124,968	
Intergovernmental revenues:				
Federal revenues:				
Grants		141,591	141,591	
State shared revenues:				
Sales taxes	690,000	737,365	737,365	
Homestead exemption reimbursement	80,000	85,247	85,247	
Grants				
General municipal aid	9,000	2,515	2,515	
Gasoline tax		4,380	4,380	
Grand Gulf	56,000	45,554	45,554	
Charges for services:				
Garbage	395,000	399,478	399,478	
Industrial rents	32,850	33,000	33,000	
Other	26,200	25,232	25,232	
Fines and forfeits	146,479	89,308	89,308	
Interest income	11,000	5,664	5,664	
Miscellaneous revenue	20,500	47,675	47,675	
Total Receipts	<u>2,937,645</u>	<u>2,969,181</u>	<u>2,969,181</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	592,110	594,611	594,611	
Public safety	1,367,768	1,433,844	1,433,844	
Public works	707,257	720,310	720,310	
Health and welfare	2,100	2,100	2,100	
Culture and recreation	317,410	372,036	372,036	
Economic development	12,000	11,048	11,048	
Capital outlay	28,000	96,760	96,760	
Debt service		14,351	14,351	
Total Expenditures	<u>3,026,645</u>	<u>3,245,060</u>	<u>3,245,060</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>(89,000)</u>	<u>(275,879)</u>	<u>(275,879)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt		22,354	22,354	
Compensation for loss of capital assets	29,000			
Refunds	12,500			
Transfers in (out) to other funds	47,500	72,994	72,994	
Total Other Cash Sources and Uses	<u>89,000</u>	<u>95,348</u>	<u>95,348</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	(180,531)	(180,531)	0
Cash Basis Fund Balances - Beginning	<u>282,745</u>	<u>282,745</u>	<u>282,745</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 282,745</u>	<u>102,214</u>	<u>102,214</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.



**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016**

**A. Budgetary Information.**

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

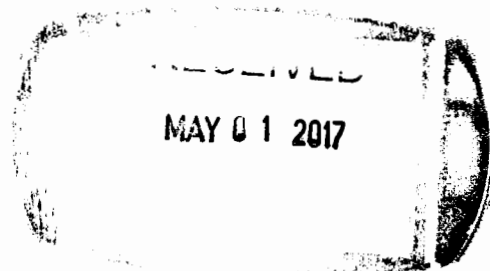
The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

**B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

**C. Budget Reconciliation.**

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.





**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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City of Crystal Springs, Mississippi  
Schedule of Changes in Long-term Debt - UNAUDITED  
For the Year Ended September 30, 2016

Description	Outstanding Balance Sept. 30, 2015	Issued	Redeemed	Adjustments	Outstanding Balance Sept. 30, 2016
<b>Bonds:</b>					
Business-type Activities:					
General obligation bonds, Series 2008	\$ 205,000		65,000		140,000
General obligation bonds, Series 2016		1,300,000			1,300,000
Total Bonds	205,000	1,300,000	65,000	0	1,440,000
<b>Other Long-term Debt:</b>					
Governmental Activities:					
Lease purchase - tractor & boom mower	37,727		9,828		27,899
Lease purchase - 2016 Ford Supercab		22,354	4,199		18,155
Total Governmental Activities	37,727	22,354	14,027		46,054
Business-type Activities:					
WWTP roof and Phase II sewer	160,143		17,717		142,426
Sewer project - Jackson Street	98,176		6,644		91,532
Lease purchase - tractor & boom mower	37,727		9,828		27,899
Lease purchase - water meters	1,255,116		76,801		1,178,315
Phase III Sewer - Department of Environmental					
Quality State Revolving Loan	193,352		18,695		174,657
Department of Environmental					
Quality State Revolving Loan	1,600,820	834,671	34,836	10,410	2,411,065
Total Business-type Activities	3,345,334	834,671	164,521	10,410	4,025,894
Total Other Long-term Debt	3,383,061	857,025	178,548	10,410	4,071,948
Total Long-term Debt	\$ 3,588,061	2,157,025	243,548	10,410	5,511,948

The adjustment was to record interest accrued since the inception of the loan.

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**City of Crystal Springs, Mississippi**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2016**

	<u><b>Deposit Amount</b></u>
Certificate of Deposit with Metropolitan Bank, maturing December 8, 2016. Interest rate 0.25%	\$ 12,061
Certificate of Deposit with Metropolitan Bank, maturing January 3, 2017. Interest rate 0.50%	249,631
Certificate of Deposit with Metropolitan Bank, maturing April 20, 2017. Interest rate 0.50%	16,527
Certificate of Deposit with Metropolitan Bank, maturing June 20, 2017. Interest rate 0.76%	<u>379,343</u>
Total	\$ <u><u>657,562</u></u>
<b>Fund Recap:</b>	
General Fund	\$ 575,112
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
Total	\$ <u><u>657,562</u></u>

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**City of Crystal Springs, Mississippi**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Fiscal Year Ended September 30, 2016**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital Assets:					
Land	\$ 593,282	39,641			632,923
Buildings	2,430,563	35,978			2,466,541
Improvements other than buildings	1,587,564	2,074,238			3,661,802
Mobile equipment	1,244,430	55,936	(65,953)	112,990	1,347,403
Furniture and equipment	380,547	18,261	(3,582)		395,226
Equipment under capital lease	206,400	22,354		(112,990)	115,764
 Total Governmental Activities Capital Assets	 \$ 6,442,786	 2,246,408	 (69,535)	 0	 8,619,659
<b>Business-type Activities:</b>					
Capital Assets:					
Land	\$ 254,800				254,800
Construction in progress	1,658,709	853,814		(2,214,268)	298,255
Buildings	246,750				246,750
Improvements other than buildings	5,077,791			2,214,268	7,292,059
Mobile equipment	214,439	3,744	(17,749)		200,434
Furniture and equipment	1,514,444	27,590			1,542,034
 Total Business-type Activities Capital Assets	 \$ 8,966,933	 885,148	 (17,749)	 0	 9,834,332

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<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Warren C. Thornton	Alderman	Travelers	\$ 50,000
Ray Brown, Jr.	Alderman	Travelers	50,000
Charles S. Singleton	Alderman	Travelers	50,000
Darren J. Powell	Alderman	Travelers	50,000
Edgar H. Webb	Alderman	Travelers	50,000
Sally Garland	Mayor	Travelers	50,000
Kimberly Vaughn	City Clerk	Travelers	50,000
Ivy Thomas-Evans	Deputy City Clerk	Travelers	50,000
Tracey Welch	Deputy City Clerk	Travelers	50,000
Peggy Wilson	Municipal Court Clerk	Travelers	50,000
Lakeidra Kangar	Deputy Court Clerk	Travelers	50,000
Edward Palmer	Police Chief	Travelers	25,000
Misheila Johnson	Office Manager	Travelers	50,000
Angela Crawford	Asst. Office Manager	Travelers	50,000
Colby Berry	Parks and Recreation Director	Travelers	50,000
Roxanne Mack	Visitors Center Supervisor	Travelers	50,000
Robert Renfroe	Maintenance Supervisor	Travelers	50,000
Lorenzo Delcid	Caretaker	Travelers	50,000
Linda Farmer	Dispatcher	Travelers	50,000
Jerry Youngblood	Dispatcher	Travelers	50,000
Kevin Bufkin	Dispatcher	Travelers	50,000
Carolyn Evans	Dispatcher	Travelers	50,000
Bonnie Carr	Dispatcher	Travelers	50,000
Regina Meadors	Dispatcher	Travelers	50,000
Bill Riojas	Police Officer	Travelers	25,000
Robert Clower	Police Officer	Travelers	25,000
Regina Williams	Police Officer	Travelers	25,000
Larry Haynes	Police Officer	Travelers	25,000
Brian McElveen	Police Officer	Travelers	25,000
Wadell Stone	Police Officer	Travelers	25,000
Joseph McKenny	Police Officer	Travelers	25,000
Kerrioso Murray	Police Officer	Travelers	25,000
Johnny Burse	Police Officer	Travelers	25,000
David Drumm	Police Officer	Travelers	25,000
Eric Vansinderen	Police Officer	Travelers	25,000
William Whittington	Lifeguard	Travelers	50,000





**CITYOF CRYSTAL SPRINGS, MISSISSIPPI**

**SUPPLEMENTAL INFORMATION**



**City of Crystal Springs, Mississippi**  
**Statement of Cash Receipts and Disbursements - Unaudited**  
**Water/Sewer Funds**  
**For the Year Ended September 30, 2016**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>RECEIPTS</b>			
Charges for services	\$ 570,376	341,174	911,550
Interest income	2,946		2,946
Grants	16,469		16,469
Miscellaneous revenue	43,700		43,700
Total Receipts	<u>633,491</u>	<u>341,174</u>	<u>974,665</u>
<b>DISBURSEMENTS</b>			
Water and sewer utility :			
Personal services	293,236	157,896	451,132
Supplies	65,753	35,406	101,159
Maintenance & repairs	102,109	54,982	157,090
Utilities	66,233	35,664	101,897
Other services and charges	89,573	48,232	137,805
Total Disbursements	<u>616,904</u>	<u>332,179</u>	<u>949,083</u>
Excess of Receipts over (under) Disbursements	<u>16,587</u>	<u>8,995</u>	<u>25,582</u>
<b>OTHER CASH SOURCES (USES)</b>			
Capital outlay	(3,744)	(853,814)	(857,558)
Principal paid on loan and lease purchase	(104,346)	(25,339)	(129,685)
Interest paid on loan and lease purchase	(39,486)	(6,178)	(45,664)
Proceeds from debt		834,671	834,671
Transfers in (out) to other funds	51,520		51,520
Total Other Cash Sources and (Uses)	<u>(96,056)</u>	<u>(50,660)</u>	<u>(146,716)</u>
Excess (Deficiency) of Receipts and Other Cash Sources over Disbursements and Other Cash Uses	<u>\$ (79,469)</u>	<u>(41,665)</u>	<u>(121,134)</u>

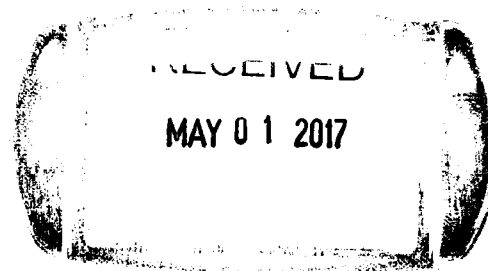
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**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**SPECIAL REPORTS**





# Windham and Lacey, PLLC

*Certified Public Accountants*

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1905 Mission 66, Vicksburg, MS 39180  
(601)634-1473 Fax (601)634-0051

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE  
BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the Board of Aldermen  
City of Crystal Springs, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crystal Springs, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the city's basic financial statements and have issued our report thereon dated March 10, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Crystal Springs, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control. Accordingly, we do not express an opinion on the effectiveness of the city's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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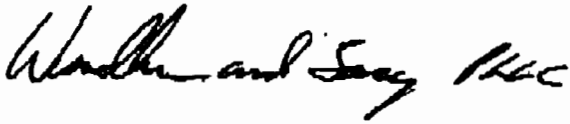


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crystal Springs, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
March 10, 2017

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# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

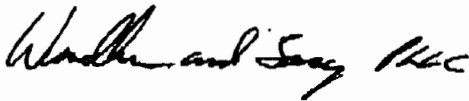
Honorable Mayor and  
Members of the Board of Aldermen  
City of Crystal Springs, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the City of Crystal Springs, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 10, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county'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 audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of management and the Office of the State Auditor 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.



Windham and Lacey, PLLC  
March 10, 2017



**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND RESPONSES**

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**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**Schedule of Findings and Responses  
For the Year Ended September 30, 2016**

**Section 1: Summary of Auditor's Results**

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements:        | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

