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CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS**

SEPTEMBER 30, 2015

RECEIVED

FEB 06 2017

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

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CITY OF CRYSTAL SPRINGS, MISSISSIPPI

FINANCIAL SECTION

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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, 2015, 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, 2015, 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

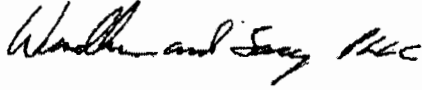
The Schedule of Changes in Long-term Debt, the Schedule of Investments-All Funds, the Schedule of Capital Assets, the Schedule of Surety Bonds for Municipal Officials and Employees and the Statement of Cash Receipts and Disbursements - Water/Sewer Fund for the City of Crystal Springs, Mississippi have 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 February 10, 2016, 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.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
February 10, 2016

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, 2015

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	\$ 763,412	37,190	2,515		(723,707)		(723,707)
Public safety	1,373,018	137,830	49,994	10,477	(1,174,717)		(1,174,717)
Public works	729,174	396,719			(332,455)		(332,455)
Health and welfare	2,100	11,910			9,810		9,810
Culture and recreation	345,298	24,108	578		(320,612)		(320,612)
Economic development	11,958		5,450		(6,508)		(6,508)
Interest on long-term debt	12,159				(12,159)		(12,159)
Total Governmental Activities	<u>3,237,119</u>	<u>607,757</u>	<u>58,537</u>	<u>10,477</u>	<u>(2,560,348)</u>	<u>0</u>	<u>(2,560,348)</u>
Business-type Activities:							
Water/Sewer	2,711,394	1,069,005		300,000		(1,342,389)	(1,342,389)
Cemetery	9,090	8,850				(240)	(240)
Total Business-type Activities	<u>2,720,484</u>	<u>1,077,855</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>(1,342,629)</u>	<u>(1,342,629)</u>
Total Government	<u>\$ 5,957,603</u>	<u>1,685,612</u>	<u>58,537</u>	<u>310,477</u>	<u>(2,560,348)</u>	<u>(1,342,629)</u>	<u>(3,902,977)</u>

(Continued)

City of Crystal Springs, Mississippi
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2015

(Continued)

		Net (Disbursements) Receipts and Changes in Net Cash Position		
		Governmental Activities	Business-type Activities	Total
General Receipts				
Taxes:				
Property taxes		\$ 1,078,512		1,078,512
Road & bridge privilege taxes		167,612		167,612
Sales tax		715,347		715,347
Franchise taxes		146,562		146,562
Grants and contributions not restricted to specific programs		140,357		140,357
Unrestricted investment income		5,211	4,769	9,980
Miscellaneous		93,665	14,739	108,404
Proceeds from debt			1,600,820	1,600,820
Special item		2,808,431		2,808,431
Transfers		48,480	(48,480)	
Total General Receipts		<u>5,204,177</u>	<u>1,571,848</u>	<u>6,776,025</u>
Change in net cash position		2,643,829	229,219	2,873,048
Net Cash Position - Beginning		<u>514,286</u>	<u>1,557,137</u>	<u>2,071,423</u>
Net Cash Position - Ending		<u>\$ 3,158,115</u>	<u>1,786,356</u>	<u>4,944,471</u>
ASSETS				
Cash and cash equivalents				\$ 3,988,047
Restricted cash				<u>956,424</u>
Total Assets				<u>\$ 4,944,471</u>
NET CASH POSITION				
Restricted:				
Restricted for unemployment compensation				\$ 16,492
Restricted for meter deposits				175,623
Restricted for public safety				14,309
Restricted for public works				750,000
Unrestricted				<u>3,988,047</u>
Total Net Cash Position				<u>\$ 4,944,471</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, 2015

	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
RECEIPTS								
Ad valorem taxes	\$ 1,025,585		52,927	1,078,512				
Road and bridge tax	167,612			167,612				
License and permits	14,000			14,000				
Franchise taxes on utilities	146,562			146,562				
Intergovernmental revenues:								
Federal revenues:								
Grants						300,000		300,000
State shared revenues:								
Sales taxes	715,347			715,347				
Homestead exemption reimbursement	86,196		4,494	90,690				
Grants	10,477		15,688	26,165				
General municipal aid	2,515			2,515				
Gasoline tax	4,380			4,380				
Fire rebate			27,646	27,646				
Grand Gulf	45,212			45,212				
Charges for services:								
Garbage	396,719			396,719				
Industrial rents	36,900			36,900				
Other	20,999		3,109	24,108			9,850	9,850
Water and sewer utility					919,995	149,010		1,069,005
Fines and forfeits	102,247		33,783	136,030				
Interest income	4,975		276	5,251	3,551	1,135	83	4,769
Miscellaneous revenue	98,847		604	99,451	14,739			14,739
Total Receipts	<u>2,878,573</u>	<u>0</u>	<u>138,527</u>	<u>3,017,100</u>	<u>938,285</u>	<u>450,145</u>	<u>9,933</u>	<u>1,398,363</u>

(Continued)

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, 2015

(Continued)

	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
DISBURSEMENTS								
General government	\$ 656,583	53		656,636				
Public safety	1,207,624		76,337	1,283,961				
Public works	720,196			720,196				
Health and welfare	2,100			2,100				
Culture and recreation	343,141		1,303	344,444				
Economic development	11,958			11,958				
Water and sewer utility and cemetery:								
Personal services					415,061			415,061
Supplies					80,336			80,336
Maintenance & repairs					116,097		1,581	117,678
Utilities					133,467			133,467
Other services and charges					148,220			148,220
Total Disbursements	2,941,602	53	77,640	3,019,295	893,181	0	1,581	894,762
Excess of Receipts over (under) Disbursements	(63,029)	(53)	60,887	(2,195)	45,104	450,145	8,352	503,601
OTHER CASH SOURCES (USES)								
Capital outlay	(61,453)	(40,991)	(6,752)	(109,196)	(1,429,659)	(215,653)	(8,509)	(1,653,821)
Principal paid on loan and lease purchase	(8,978)		(22,531)	(31,509)	(104,242)			(104,242)
Interest paid on loan and lease purchase	(880)		(404)	(1,284)	(68,659)			(68,659)
Principal paid on bonds			(65,000)	(65,000)				
Interest and fiscal fees paid on bonds			(10,875)	(10,875)				
Proceeds from debt					1,600,820			1,600,820
Refunds	6,977			6,977				
Special item		2,808,431		2,808,431				
Transfers in (out) to other funds	28,370		20,110	48,480	(48,480)			(48,480)
Total Other Cash Sources and (Uses)	(35,964)	2,767,440	(85,452)	2,646,024	(50,220)	(215,653)	(8,509)	(274,382)

(Continued)

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, 2015

(Continued)

	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
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(98,993)	2,767,387	(24,565)	2,643,829	(5,116)	234,492	(157)	229,219
CASH BASIS FUND BALANCE – Beginning of Year	<u>381,738</u>	<u>0</u>	<u>132,548</u>	<u>514,286</u>	<u>1,321,521</u>	<u>221,192</u>	<u>14,424</u>	<u>1,557,137</u>
CASH BASIS FUND BALANCE – End of Year	<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>
CASH BASIS ASSETS - End of Year								
Cash and cash equivalents	\$ 266,253	2,017,387	93,674	2,377,314	1,140,782	455,684	14,267	1,610,733
Restricted cash	<u>16,492</u>	<u>750,000</u>	<u>14,309</u>	<u>780,801</u>	<u>175,623</u>			<u>175,623</u>
Total Cash Basis Assets	<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>
CASH BASIS FUND BALANCES – End of Year								
Restricted:								
Restricted for unemployment compensation	\$ 16,492			16,492				
Restricted for meter deposits					175,623			175,623
Restricted for public safety			14,309	14,309				
Restricted for public works		750,000						
Committed:								
Public safety			39,233	39,233				
Culture and recreation			7,459	7,459				
Debt service			3,561	3,561	84,013			84,013
Cemetery							14,267	14,267
Water/sewer maintenance					45,976	455,684		501,660
Unassigned:	<u>266,253</u>	<u>2,017,387</u>	<u>43,421</u>	<u>2,327,061</u>	<u>1,010,793</u>			<u>1,010,793</u>
Total Cash Basis Fund Balances	<u>\$ 282,745</u>	<u>2,767,387</u>	<u>107,983</u>	<u>2,408,115</u>	<u>1,316,405</u>	<u>455,684</u>	<u>14,267</u>	<u>1,786,356</u>

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

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2015

(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, 2015

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.

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2015

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 \$4,944,471 and the bank balance was \$5,124,304. 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, 2015, none of the City's bank balance of \$5,124,304 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, 2015, 2014 and 2013 were \$213,207, \$199,569, and \$173,694, respectively, which is equal to the required contributions for each year.

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Notes to Financial Statements
For the Year Ended September 30, 2015**

(4) Special Item.

In the current year, the City agreed to settle a lawsuit that resulted in a payment to the City of \$6,000,000. After attorney fees and litigation expenses, the City realized \$2,808,431.

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, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 1,130,710	1,025,585	1,025,585	
Road and bridge tax	158,000	167,612	167,612	
License and permits	29,900	14,000	14,000	
Franchise taxes on utilities	139,000	146,562	146,562	
Intergovernmental revenues:				
State shared revenues:				
Sales taxes	673,000	715,347	715,347	
Homestead exemption reimbursement	75,000	86,196	86,196	
Grants	27,100	10,477	10,477	
General municipal aid	9,000	2,515	2,515	
Gasoline tax		4,380	4,380	
Grand Gulf	56,000	45,212	45,212	
Charges for services:				
Garbage	334,000	396,719	396,719	
Industrial rents	34,250	36,900	36,900	
Other	30,500	20,999	20,999	
Fines and forfeits	146,479	102,247	102,247	
Interest income	11,000	4,975	4,975	
Miscellaneous revenue	33,000	98,847	98,847	
Total Receipts	<u>2,886,939</u>	<u>2,878,573</u>	<u>2,878,573</u>	<u>0</u>
EXPENDITURES				
General government	581,716	656,583	656,583	
Public safety	1,289,693	1,207,624	1,207,624	
Public works	727,070	720,196	720,196	
Health and welfare	2,100	2,100	2,100	
Culture and recreation	327,540	343,141	343,141	
Economic development	12,000	11,958	11,958	
Capital outlay	36,820	61,453	61,453	
Debt service		9,858	9,858	
Total Expenditures	<u>2,976,939</u>	<u>3,012,913</u>	<u>3,012,913</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>(90,000)</u>	<u>(134,340)</u>	<u>(134,340)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of capital assets	29,000			
Refunds	12,500	6,977	6,977	
Transfers in (out) to other funds	48,500	28,370	28,370	
Total Other Cash Sources and Uses	<u>90,000</u>	<u>35,347</u>	<u>35,347</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	(98,993)	(98,993)	0
Cash Basis Fund Balances - Beginning	<u>532,478</u>	<u>381,738</u>	<u>381,738</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 532,478</u>	<u>282,745</u>	<u>282,745</u>	<u>0</u>

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

CITY OF CRYSTAL SPRINGS

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

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

City of Crystal Springs, Mississippi
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2015

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2015</u>
<u>Bonds:</u>				
Business-type Activities:				
General obligation bonds, series 2008	\$ 270,000		65,000	205,000
Total Bonds	270,000	0	65,000	205,000
<u>Other Long-term Debt:</u>				
Governmental Activities:				
Lease purchase - tractor & boom mower	46,705		8,978	37,727
Lease purchase - 2014 Dodge Charger	22,531		22,531	
Total Governmental Activities	69,236	0	31,509	37,727
Business-type Activities:				
WWTP roof and Phase II sewer	177,610		17,467	160,143
Sewer project - Jackson Street	104,717		6,541	98,176
Lease purchase - tractor & boom mower	46,705		8,978	37,727
Lease purchase - water meters	1,308,000		52,884	1,255,116
Phase III Sewer - Department of Environmental Quality State Revolving Loan	211,724		18,372	193,352
Department of Environmental Quality State Revolving Loan		1,600,820		1,600,820
Total Business-type Activities	1,848,756	1,600,820	104,242	3,345,334
Total Other Long-term Debt	1,917,992	1,600,820	135,751	3,383,061
Total Long-term Debt	\$ 2,187,992	1,600,820	200,751	3,588,061

City of Crystal Springs, Mississippi
Schedule of Investments - All Funds - UNAUDITED
September 30, 2015

	<u>Deposit Amount</u>
Certificate of Deposit with Metropolitan Bank maturing December 8, 2015; interest rate 0.75%.	\$ 11,948
Certificate of Deposit with Metropolitan Bank maturing January 3, 2016; interest rate 0.75%.	247,773
Certificate of Deposit with Metropolitan Bank maturing April 20, 2016; interest rate 0.75%.	16,404
Certificate of Deposit with Metropolitan Bank maturing June 20, 2016; interest rate 0.45%.	<u>376,918</u>
Total	\$ <u>653,043</u>
Fund Recap:	
General Fund	\$ 570,593
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
Total	\$ <u>653,043</u>

City of Crystal Springs, Mississippi
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets:					
Land	\$ 601,282		(8,000)		593,282
Buildings	2,480,563		(50,000)		2,430,563
Improvements other than buildings	1,546,573	40,991			1,587,564
Mobile equipment	1,225,842	27,936	(9,348)		1,244,430
Furniture and equipment	340,278	40,269			380,547
Equipment under capital lease	206,400				206,400
Total Governmental Activities Capital Assets	<u>\$ 6,400,938</u>	<u>109,196</u>	<u>(67,348)</u>	<u>0</u>	<u>6,442,786</u>
Business-type Activities:					
Capital Assets:					
Land	\$ 254,800				254,800
Construction in progress	372,064	1,609,336		(322,691)	1,658,709
Buildings	246,750				246,750
Improvements other than buildings	4,746,591	8,509		322,691	5,077,791
Mobile equipment	204,623	26,515	(16,699)		214,439
Furniture and equipment	1,504,983	9,461			1,514,444
Total Business-type Activities Capital Assets	<u>\$ 7,329,811</u>	<u>1,653,821</u>	<u>(16,699)</u>	<u>0</u>	<u>8,966,933</u>

City of Crystal Springs, Mississippi
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety 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	Interim police chief	Travelers	25,000
Misheila Johnson	Office manager	Travelers	50,000
Angela Crawford	Assistant 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
James Whittington	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

CITYOF CRYSTAL SPRINGS, MISSISSIPPI

SUPPLEMENTAL INFORMATION

City of Crystal Springs, Mississippi
Statement of Cash Receipts and Disbursements
Water/Sewer Funds
For the Year Ended September 30, 2015

	Water Fund	Sewer Fund	Total
RECEIPTS			
Charges for services	\$ 577,734	342,261	919,995
Interest income	3,551		3,551
Miscellaneous revenue	14,739		14,739
Total Receipts	<u>596,024</u>	<u>342,261</u>	<u>938,285</u>
DISBURSEMENTS			
Water and sewer utility :			
Personal services	260,658	154,403	415,061
Supplies	50,451	29,885	80,336
Maintenance & repairs	72,909	43,188	116,097
Utilities	83,817	49,650	133,467
Other services and charges	93,082	55,138	148,220
Total Disbursements	<u>560,918</u>	<u>332,263</u>	<u>893,181</u>
Excess of Receipts over (under) Disbursements	<u>35,106</u>	<u>9,998</u>	<u>45,104</u>
OTHER CASH SOURCES (USES)			
Capital outlay	(50,063)	(1,379,596)	(1,429,659)
Principal paid on loan and lease purchase	(61,862)	(42,380)	(104,242)
Interest paid on loan and lease purchase	(58,671)	(9,988)	(68,659)
Proceeds from debt		1,600,825	1,600,820
Transfers in (out) to other funds	(48,480)		(48,480)
Total Other Cash Sources and (Uses)	<u>(219,076)</u>	<u>168,861</u>	<u>(50,220)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ (183,970)</u>	<u>178,859</u>	<u>(5,116)</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SPECIAL REPORTS

Windham and Lacey, PLLC

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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, 2015, and the related notes to the financial statements, which collectively comprise the city's basic financial statements and have issued our report thereon dated February 10, 2016.

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.

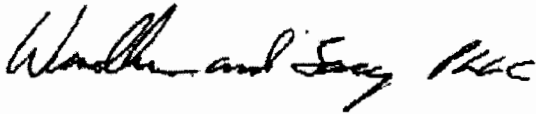
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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
February 10, 2016

Windham and Lacey, PLLC

Certified Public Accountants

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

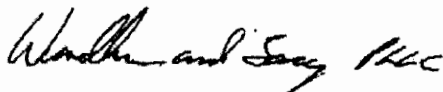
Honorable Mayor and
Members of the Board of Aldermen
City of Crystal Springs, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of City of Crystal Springs, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated February 10, 2016. 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
February 10, 2016

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Schedule of Findings and Responses
For the Year Ended September 30, 2015**

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*.

