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Mayor  
Sally Garland  
City Clerk  
Kimberly A. Vaughn  
City Attorney  
Robert W. Lawrence  
Police Chief  
Chris Palmer  
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

February 25, 2019

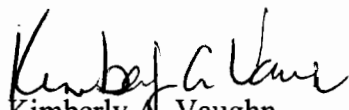
Office of the State Auditor  
Attn: Emily McNeil  
Post Office Box 956  
Jackson, MS 39205

Re: Annual Municipal Audit

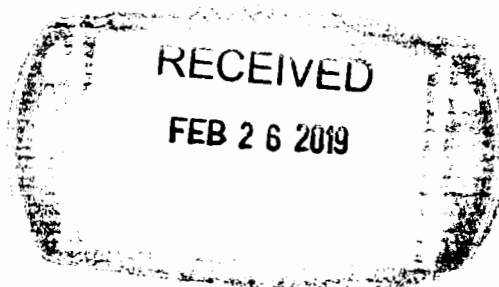
Dear Mrs. McNeil:

Accompanying this letter is a copy of the annual audit of the City of Crystal Springs, MS for the fiscal year ended September 30, 2017. Please accept my apology as I overlooked the sending of the audit after the board adopted on March 6, 2018.

Sincerely,

  
Kimberly A. Vaughn  
City Clerk

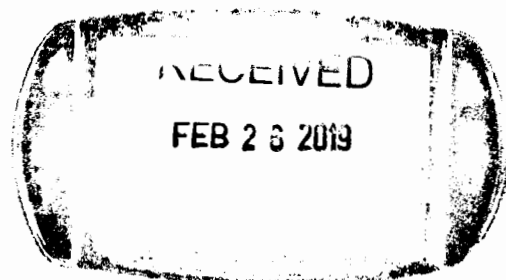
Attachment



**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
AND  
SPECIAL REPORTS**

**SEPTEMBER 30, 2017**



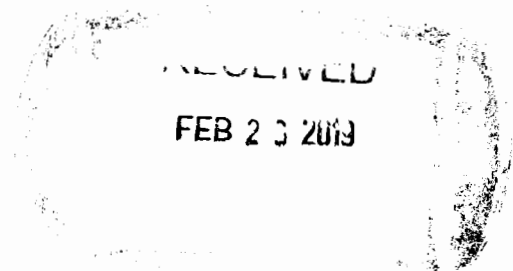
**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

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**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**FINANCIAL SECTION**



# Windham and Lacey, PLLC

*Certified Public Accountants*

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Pearl, MS 39208  
(601)939-8676 Fax (601)939-8761  
windhamandlacey.com

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(601)892-4001 Fax (601)892-5978

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

## 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, 2017, 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, 2017, 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*

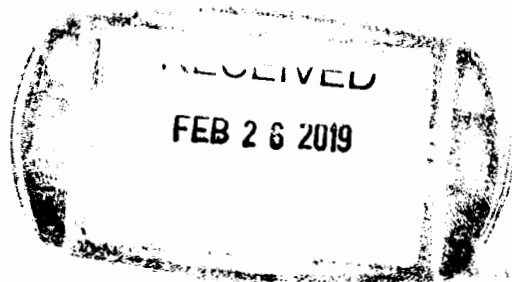
The City of Crystal Springs, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic 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.

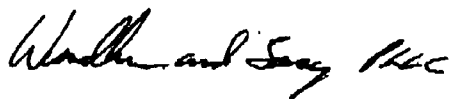
## **Other Reporting Requirements Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2018, 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".

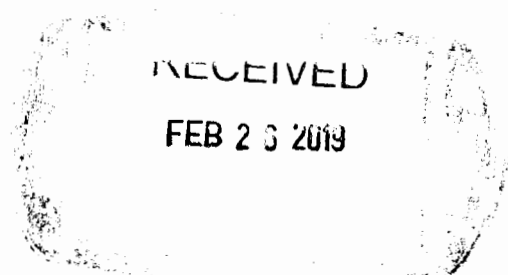
Windham and Lacey, PLLC

February 9, 2018



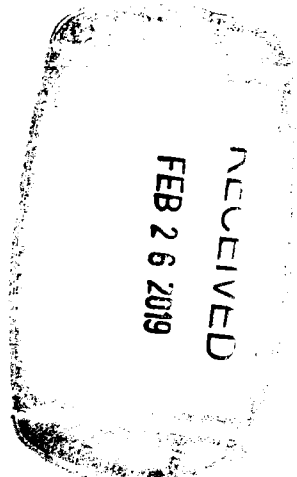
**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**FINANCIAL STATEMENTS**



**City of Crystal Springs, Mississippi**  
**Statement of Activities and Net Assets - Cash Basis**  
**As of and For the Year Ended September 30, 2017**

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Cash Position		
	Cash Disbursements	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,636,918	33,867	2,515		(1,600,536)		(1,600,536)
Public safety	1,768,833	134,810	60,573	2,825	(1,570,625)		(1,570,625)
Public works	777,451	398,146			(379,305)		(379,305)
Health and welfare	2,100	16,363			14,263		14,263
Culture and recreation	362,168	21,518		2,250	(338,400)		(338,400)
Economic development	21,333				(21,333)		(21,333)
Interest on long-term debt	59,461				(59,461)		(59,461)
Total Governmental Activities	4,628,264	604,704	63,088	5,075	(3,955,397)	0	(3,955,397)
Business-type Activities:							
Water/Sewer	1,348,945	1,053,872	2,565			(292,508)	(292,508)
Cemetery		2,782				2,782	2,782
Total Business-type Activities	1,348,945	1,056,654	2,565	0	0	(289,726)	(289,726)
Total Government	\$ 5,977,209	1,661,358	65,653	5,075	(3,955,397)	(289,726)	(4,245,123)
General Receipts							
Taxes:							
Property taxes					\$ 1,161,036		1,161,036
Road & bridge privilege taxes					155,665		155,665
Sales tax					758,846		758,846
Franchise taxes					129,161		129,161
Grants and contributions not restricted to specific programs					137,680		137,680
Unrestricted investment income					11,404	4,052	15,456
Miscellaneous					48,994	33,574	82,568
Proceeds from debt					358,155	27,500	385,655
Transfers					48,480	(48,480)	
Total General Receipts					2,809,421	16,646	2,826,067
Change in net cash position					(1,145,976)	(273,080)	(1,419,056)
Net Cash Position - Beginning					2,115,883	1,614,389	3,730,272
Net Cash Position - Ending					\$ 969,907	1,341,309	2,311,216



**City of Crystal Springs, Mississippi**  
**Statement of Activities and Net Assets - Cash Basis**  
**As of and For the Year Ended September 30, 2017**

**(Continued)**

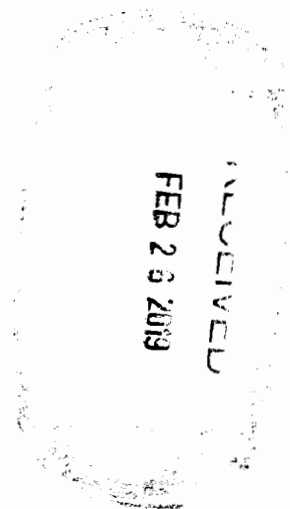
**ASSETS**

Cash and cash equivalents	\$ 2,090,510
Restricted cash	<u>220,706</u>
Total Assets	\$ <u><u>2,311,216</u></u>

**NET CASH POSITION**

Restricted:	
Restricted for unemployment compensation	\$ 18,066
Restricted for meter deposits	186,795
Restricted for public safety	15,845
Unrestricted	<u>2,090,510</u>
Total Net Cash Position	\$ <u><u>2,311,216</u></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, 2017

	Governmental Activities					Business-type Activities			
	Major Funds					Major Funds			
	General Fund	Debt Service 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	\$ 1,087,122	73,914			1,161,036				
Road and bridge tax	155,665				155,665				
License and permits	19,013				19,013				
Franchise taxes on utilities	129,161				129,161				
Intergovernmental revenues:									
Federal revenues:									
Grants	32,100				32,100	2,565			2,565
State shared revenues:									
Sales taxes	758,846				758,846				
Homestead exemption reimbursement	84,424	2,992			87,416				
Grants	2,250				2,250				
General municipal aid	2,515				2,515				
Gasoline tax	4,380				4,380				
Fire rebate				29,574	29,574				
Grand Gulf	45,884				45,884				
Charges for services:									
Garbage	398,146				398,146				
Industrial rents	32,850				32,850				
Other	20,913			605	21,518				
Water and sewer utility						904,932	148,940		1,053,872
Fines and forfeits	109,149			24,028	133,177				
Interest income	6,044	1,181	3,999	180	11,404	2,724	1,192	135	4,051
Miscellaneous revenue	46,881		4,570	350	51,801	33,576		2,782	36,358
<b>Total Receipts</b>	<u>2,935,343</u>	<u>78,087</u>	<u>8,569</u>	<u>54,737</u>	<u>3,076,736</u>	<u>943,797</u>	<u>150,132</u>	<u>2,917</u>	<u>1,096,846</u>

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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, 2017

	Governmental Activities					Business-type Activities			
	Major Funds					Major Funds			
	General Fund	Debt Service Fund	Settlement Fund	Non-Major Funds	Total	Water/Sewer Funds	Sewer Surcharge Fund	Non-Major Business-type Fund	Total
<b>DISBURSEMENTS</b>									
General government	\$ 668,762	2,250	2,610		673,622				
Public safety	1,328,021			17,369	1,345,390				
Public works	761,963	168		5,933	768,064				
Health and welfare	2,100				2,100				
Culture and recreation	352,893			770	353,663				
Economic development	21,333				21,333				
Water and sewer utility and cemetery:									
Personal services						455,036			455,036
Supplies						102,055			102,055
Maintenance & repairs						237,904	5,447		243,351
Utilities						105,006			105,006
Total Disbursements	<u>3,135,072</u>	<u>2,418</u>	<u>2,610</u>	<u>24,072</u>	<u>3,164,172</u>	<u>900,001</u>	<u>5,447</u>	<u>0</u>	<u>905,448</u>
Excess of Receipts over (under) Disbursements	<u>(199,729)</u>	<u>75,669</u>	<u>5,959</u>	<u>30,665</u>	<u>(87,436)</u>	<u>43,796</u>	<u>144,685</u>	<u>2,917</u>	<u>191,398</u>
<b>OTHER CASH SOURCES (USES)</b>									
Capital outlay	(402,636)		(824,296)		(1,226,932)	(34,450)	(82,770)		(117,220)
Principal paid on loan and lease purchase	(22,050)			(17,732)	(39,782)	(135,981)	(105,738)		(241,719)
Interest paid on loan and lease purchase	(1,360)			(5,301)	(6,661)	(42,559)	(42,000)		(84,559)
Principal paid on bonds		(139,000)			(139,000)				
Interest and fiscal fees paid on bonds		(52,800)			(52,800)				
Proceeds from debt	358,155				358,155	27,500			27,500
Transfers in (out) to other funds	348,480		(300,000)		48,480	66,520	(115,000)		(48,480)
Total Other Cash Sources and (Uses)	<u>280,589</u>	<u>(191,800)</u>	<u>(1,124,296)</u>	<u>(23,033)</u>	<u>(1,058,540)</u>	<u>(118,970)</u>	<u>(345,508)</u>	<u>0</u>	<u>(464,478)</u>

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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, 2017

	Governmental Activities					Business-type Activities			
	Major Funds					Major Funds			
	General Fund	Debt Service 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	80,860	(116,131)	(1,118,337)	7,632	(1,145,976)	(75,174)	(200,823)	2,917	(273,080)
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>102,214</u>	<u>333,873</u>	<u>1,622,367</u>	<u>57,429</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 BALANCE - End of Year</b>	<u>\$ 183,074</u>	<u>217,742</u>	<u>504,030</u>	<u>65,061</u>	<u>969,907</u>	<u>1,120,097</u>	<u>193,894</u>	<u>27,318</u>	<u>1,341,309</u>
<b>CASH BASIS ASSETS - End of Year</b>									
Cash and cash equivalents	\$ 164,508	217,742	504,030	49,716	935,996	933,302	193,894	27,318	1,154,514
Restricted cash	<u>18,566</u>			<u>15,345</u>	<u>33,911</u>	<u>186,795</u>			<u>186,795</u>
Total Cash Basis Assets	<u>\$ 183,074</u>	<u>217,742</u>	<u>504,030</u>	<u>65,061</u>	<u>969,907</u>	<u>1,120,097</u>	<u>193,894</u>	<u>27,318</u>	<u>1,341,309</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>									
Restricted:									
Restricted for unemployment compensation	\$ 18,066				18,066				
Restricted for meter deposits						186,795			186,795
Restricted for public safety	500			15,345	15,845				
Committed:									
Public works							193,894		193,894
Debt service		217,742			217,742	84,013			84,013
Cemetery								27,318	27,318
Assigned:									
Public works			504,030	49,716	553,746				
Unassigned	<u>164,508</u>				<u>164,508</u>	<u>849,289</u>			<u>849,289</u>
Total Cash Basis Fund Balances	<u>\$ 183,074</u>	<u>217,742</u>	<u>504,030</u>	<u>65,061</u>	<u>969,907</u>	<u>1,120,097</u>	<u>193,894</u>	<u>27,318</u>	<u>1,341,309</u>

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

FEB 26 2019

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# CITY OF CRYSTAL SPRINGS, MISSISSIPPI

## Notes to Financial Statements For the Year Ended September 30, 2017

### (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 *debt service fund* accounts for financial resources that are committed to repayment of long-term debt.

## CITY OF CRYSTAL SPRINGS, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2017

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

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. *Equity Classifications.*

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted".

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted, assigned or unassigned. The following are descriptions of fund classifications used by the City.

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.

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.



# **CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

## **Notes to Financial Statements For the Year Ended September 30, 2017**

**Assigned** - Includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

**Unassigned** - The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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.

### **E. Property Tax Receipts.**

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

At year-end, the City's carrying amount of deposits was \$2,311,216 and the bank balance was \$2,395,892. 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 City'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.

# CITY OF CRYSTAL SPRINGS, MISSISSIPPI

## Notes to Financial Statements For the Year Ended September 30, 2017

**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, 2017, 2016 and 2015 were \$228,969, \$216,833 and \$213,207, respectively, which is equal to the required contributions for each year.

### (4) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Crystal Springs Board of Aldermen and the Copiah County Board of Supervisors negotiates property tax abatements on an individual basis. The City has tax abatement agreements with two entities as of September 30, 2017.

Category	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Construction and expansion of a manufacturing facility	100	\$ 72,718

Each agreement was negotiated in accordance with Sections 27-31-101, et. seq., Miss. Code 1972 (Ann.) which allows localities to abate property taxes for a variety of economic development purposes. The abatements may be granted for a period up to ten years and for up to 100% of annual property taxes through a direct reduction in the entity's property tax bill.

The City has not made any commitments as part of the agreements other than to reduce taxes.

**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

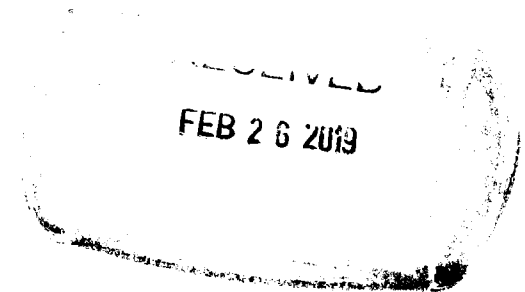
**Notes to Financial Statements  
For the Year Ended September 30, 2017**

**(5) Subsequent Events.**

Events that occur after the Statement of Net Cash Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Cash Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through February 9, 2018, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

**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, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 1,146,710	1,087,122	1,087,122	
Road and bridge tax	168,006	155,665	155,665	
License and permits	19,900	19,013	19,013	
Franchise taxes on utilities	139,000	129,161	129,161	
Intergovernmental revenues:				
Federal revenues:				
Grants	10,202	32,100	32,100	
State shared revenues:				
Sales taxes	690,000	758,846	758,846	
Homestead exemption reimbursement	80,000	84,424	84,424	
Grants		2,250	2,250	
General municipal aid	9,000	2,515	2,515	
Gasoline tax		4,380	4,380	
Grand Gulf	56,000	45,884	45,884	
Charges for services:				
Garbage	395,000	398,146	398,146	
Industrial rents	32,850	32,850	32,850	
Other	26,200	20,913	20,913	
Fines and forfeits	150,679	109,149	109,149	
Interest income	11,000	6,044	6,044	
Miscellaneous revenue	20,870	46,881	46,881	
Total Receipts	<u>2,955,417</u>	<u>2,935,343</u>	<u>2,935,343</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	633,082	668,762	668,762	
Public safety	1,405,447	1,328,021	1,328,021	
Public works	648,624	761,963	761,963	
Health and welfare	2,100	2,100	2,100	
Culture and recreation	363,050	352,893	352,893	
Economic development	23,134	21,333	21,333	
Capital outlay	29,000	402,636	402,636	
Debt service	25,563	23,410	23,410	
Total Expenditures	<u>3,130,000</u>	<u>3,561,118</u>	<u>3,561,118</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>(174,583)</u>	<u>(625,775)</u>	<u>(625,775)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt		358,155	358,155	
Compensation for loss of capital assets	29,000			
Refunds	12,500			
Transfers in (out) to other funds	47,500	348,480	348,480	
Total Other Cash Sources and Uses	<u>89,000</u>	<u>706,635</u>	<u>706,635</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(85,583)	80,860	80,860	0
Cash Basis Fund Balances - Beginning	<u>282,745</u>	<u>102,214</u>	<u>102,214</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 197,162</u>	<u>183,074</u>	<u>183,074</u>	<u>0</u>

The accompanying notes to the required supplementary information are an integral part of this statement.

## **CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

### **Notes to the Required Supplementary Information For the Year Ended September 30, 2017**

#### **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.

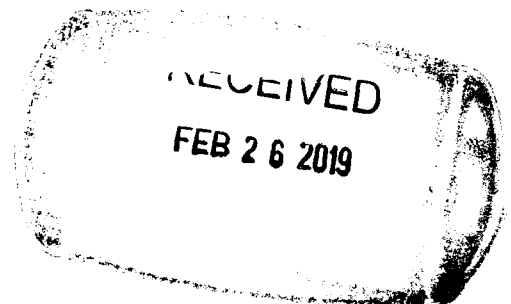
The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

#### **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.

**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



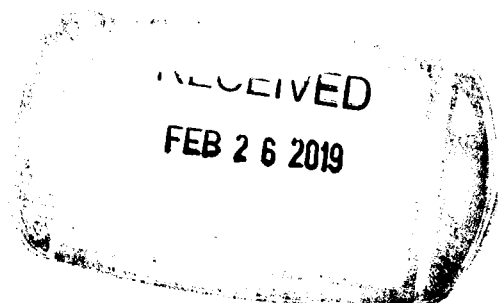
**City of Crystal Springs, Mississippi**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2017**

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2017</u>
<b><u>Bonds:</u></b>				
Business-type Activities:				
General obligation bonds, Series 2008	\$ 140,000		70,000	70,000
General obligation bonds, Series 2016	1,300,000		69,000	1,231,000
Total Bonds	<u>1,440,000</u>	<u>0</u>	<u>139,000</u>	<u>1,301,000</u>
<b><u>Other Long-term Debt:</u></b>				
Governmental Activities:				
Lease purchase - tractor & boom mower	27,899		9,387	18,512
Lease purchase - 2016 Ford Supercab	18,155		7,396	10,759
Lease purchase - 2017 Ford F150		25,452	3,428	22,024
Lease purchase - 2017 Pierce pumper		332,703	19,571	313,132
Total Governmental Activities	<u>46,054</u>	<u>358,155</u>	<u>39,782</u>	<u>364,427</u>
Business-type Activities:				
WWTP roof and Phase II sewer	142,426		18,411	124,015
Sewer project - Jackson Street	91,532		7,172	84,360
Lease purchase - tractor & boom mower	27,899		9,353	18,546
Lease purchase - water meters	1,178,315		79,079	1,099,236
Lease purchase - F550 utility truck		27,500	2,941	24,559
Phase III Sewer - Department of Environmental				
Quality State Revolving Loan	174,657		19,025	155,632
Department of Environmental				
Quality State Revolving Loan	<u>2,411,065</u>		<u>105,738</u>	<u>2,305,327</u>
Total Business-type Activities	<u>4,025,894</u>	<u>27,500</u>	<u>241,719</u>	<u>3,811,675</u>
Total Other Long-term Debt	<u>4,071,948</u>	<u>385,655</u>	<u>281,501</u>	<u>4,176,102</u>
Total Long-term Debt	<u>\$ 5,511,948</u>	<u>385,655</u>	<u>420,501</u>	<u>5,477,102</u>



**City of Crystal Springs, Mississippi**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2017**

	<u>Deposit Amount</u>
Certificate of Deposit with Renasant Bank, maturing December 9, 2018. Interest rate 0.80%	\$ 12,068
Certificate of Deposit with Copiah Bank, maturing January 3, 2018. Interest rate 0.91%	250,880
Certificate of Deposit with Copiah Bank, maturing April 20, 2018. Interest rate 1.01%	16,609
Certificate of Deposit with Copiah Bank, maturing June 20, 2018. Interest rate 1.21%	<u>381,505</u>
	\$ <u><u>661,062</u></u>
 Fund Recap:	
General Fund	\$ 578,612
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
	\$ <u><u>661,062</u></u>



**City of Crystal Springs, Mississippi**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Fiscal Year Ended September 30, 2017**

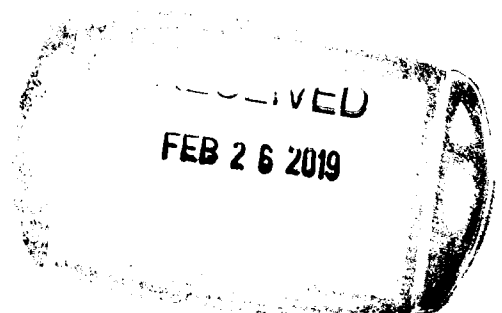
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital Assets:					
Land	\$ 632,923				632,923
Buildings	2,466,541	36,730		(32,143)	2,471,128
Improvements other than buildings	3,661,802	787,566		32,143	4,481,511
Mobile equipment	1,347,403	25,323			1,372,726
Furniture and equipment	395,226	19,158	(5,608)		408,776
Equipment under capital lease	115,764	358,155			473,919
Total Governmental Activities Capital Assets	<u>\$ 8,619,659</u>	<u>1,226,932</u>	<u>(5,608)</u>	<u>0</u>	<u>9,840,983</u>
<b>Business-type Activities:</b>					
Capital Assets:					
Land	\$ 254,800				254,800
Construction in progress	298,255			(298,255)	
Buildings	246,750	6,950			253,700
Improvements other than buildings	7,292,059			298,255	7,590,314
Mobile equipment	200,434	27,500			227,934
Furniture and equipment	1,542,034	82,770		(1,401,410)	223,394
Equipment under capital lease				1,401,410	1,401,410
Total Business-type Activities Capital Assets	<u>\$ 9,834,332</u>	<u>117,220</u>	<u>0</u>	<u>0</u>	<u>9,951,552</u>

**City of Crystal Springs, Mississippi**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2017**

<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	Police chief	Travelers	25,000
Misheila Johnson	Office manager	Travelers	50,000
Angela Crawford	Assistant office manager	Travelers	50,000
Roxanne Mack	Visitors center supervisor	Travelers	50,000
Robert Renfro	Maintenance supervisor	Travelers	50,000
Lorenzo Delcid	Caretaker	Travelers	50,000
Kymbriana Christmas	Dispatcher	Travelers	50,000
Sara Frank	Dispatcher	Travelers	50,000
Renyka Langston	Dispatcher	Travelers	50,000
Carolyn Evans	Dispatcher	Travelers	50,000
Bonnie Carr	Dispatcher	Travelers	50,000
Jenny Hendrix	Dispatcher	Travelers	50,000
Eric Davis	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
Sierra Anderson	Police officer	Travelers	25,000
Markeitz Lofton	Police officer	Travelers	25,000
David Drumm	Police officer	Travelers	25,000
LaTasha Nichols	Police officer	Travelers	25,000
Bryson Pickens	Police officer	Travelers	25,000
Robert Thomas	Police officer	Travelers	25,000
Andre Watson	Police officer	Travelers	25,000
William Lee	Police officer	Travelers	25,000
Issac Landrum	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, 2017**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>RECEIPTS</b>			
Charges for services	\$ 567,567	337,365	904,932
Interest income	2,724		2,724
Grants	2,565		2,565
Miscellaneous revenue	33,576		33,576
Total Receipts	<u>606,432</u>	<u>337,365</u>	<u>943,797</u>
<b>DISBURSEMENTS</b>			
Water and sewer utility :			
Personal services	285,399	169,637	455,036
Supplies	64,009	38,046	102,055
Maintenance & repairs	78,969	46,938	125,907
Utilities	65,860	39,146	105,006
Other services and charges	70,245	41,752	111,997
Total Disbursements	<u>564,481</u>	<u>335,520</u>	<u>900,001</u>
Excess of Receipts over (under) Disbursements	<u>41,951</u>	<u>1,845</u>	<u>43,796</u>
<b>OTHER CASH SOURCES (USES)</b>			
Capital outlay	(27,500)	(6,950)	(34,450)
Principal paid on loan and lease purchase	(2,941)	(133,040)	(135,981)
Interest paid on loan and lease purchase	(251)	(42,308)	(42,559)
Proceeds from debt	27,500		27,500
Transfers in (out) to other funds	66,520		66,520
Total Other Cash Sources and (Uses)	<u>63,328</u>	<u>(182,298)</u>	<u>(118,970)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ 105,279</u>	<u>(180,453)</u>	<u>(75,174)</u>

**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**SPECIAL REPORTS**

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# Windham and Lacey, PLLC

*Certified Public Accountants*

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American Institute of CPAs  
Mississippi Society of CPAs

**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, 2017, 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 9, 2018.

**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.

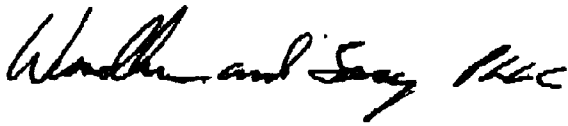
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## Compliance and Other Matters

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 City'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 City'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 9, 2018



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

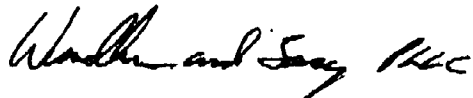
Honorable Mayor and  
Members of the Board of Aldermen  
City of Crystal Springs, Mississippi

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, 2017, and have issued our report thereon dated February 9, 2018. 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.

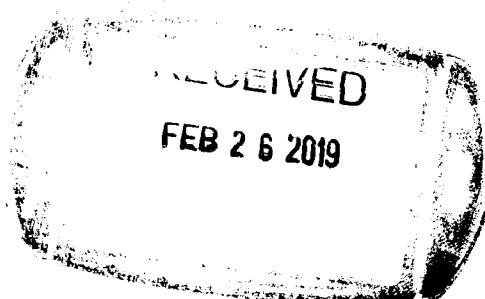
As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on 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 9, 2018



**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**SCHEDULE OF FINDINGS**

**CITY OF CRYSTAL SPRINGS, MISSISSIPPI**

**Schedule of Findings  
For the Year Ended September 30, 2017**

**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*.

