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CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS**

SEPTEMBER 30, 2019



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, 2019, 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, 2019, 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 December 16, 2019, 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 effectiveness of the City of Crystal Springs, Mississippi's 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
December 16, 2019

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, 2019

	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	
Functions/Programs					
Governmental Activities:					
General government	\$ 690,138	30,480	2,515		(657,143)
Public safety	1,357,902	71,364	35,502		(1,251,036)
Public works	985,068	450,053		594,464	59,449
Health and welfare	2,100	19,599			17,499
Culture and recreation	310,010	24,347			(285,663)
Economic development	15,000				(15,000)
Interest on long-term debt	35,126				(35,126)
Total Governmental Activities	3,395,344	595,843	38,017	594,464	0
					(2,167,020)
Business-type Activities:					
Water/Sewer	1,645,003	1,071,678			(573,325)
Cemetery		8,500			8,500
Total Business-type Activities	1,645,003	1,080,178	0	0	(564,825)
					(564,825)
Total Government	\$ 5,040,347	1,676,021	38,017	594,464	(2,731,845)
					(2,731,845)
General Receipts					
Taxes:					
Property taxes					1,197,333
Road & bridge privilege taxes					160,722
Sales tax					777,941
Franchise taxes					138,371
Grants and contributions not restricted to specific programs					136,166
Unrestricted investment income					3,489
Miscellaneous					204,603
Transfers					(107,180)
Total General Receipts					2,600,830
					100,912
					2,701,742
Change in Net Cash Position					(30,103)
Net Cash Position - Beginning					1,680,543
Net Cash Position - Ending					1,650,440

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2019

(Continued)

ASSETS

Cash and cash equivalents
Restricted cash

\$ 1,394,219
256,221

Total Assets

\$ 1,650,440

NET CASH POSITION

Restricted:

Restricted for unemployment compensation
Restricted for meter deposits
Restricted for public safety
Unrestricted

\$ 18,625
194,403
43,193
1,394,220

Total Net Cash Position

\$ 1,650,440

The accompanying 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, 2019

	Governmental Activities				Business-type Activities			
	Major Funds				Major Fund			
	General Fund	Debt Service	Settlement Fund	BP Appropriation Funds	Non-Major Funds	Total	Water/Sewer Funds	Non-Major Business-type Fund
RECEIPTS								
Ad valorem taxes	\$ 1,087,434	109,899				1,197,333		
Road and bridge tax	160,722					160,722		
License and permits	19,779					19,779		
Franchise taxes on utilities	138,371					138,371		
Intergovernmental revenues:								
State shared revenues:								
Sales taxes	777,941					777,941		
Homestead exemption reimbursement	83,651	4,403				88,054		
Grants	6,132			500,001	94,463	600,596		
General municipal aid	2,515					2,515		
Gasoline tax	4,380					4,380		
Fire rebate					29,770	29,770		
Grand Gulf	43,732					43,732		
Charges for services:								
Garbage	450,053					450,053		
Industrial rents	30,300					30,300		
Other	23,429				918	24,347		
Water and sewer utility	57,434						968,126	
Fines and forfeits	15,937	610	2,114	231	13,930	71,364		
Interest income	63,542				283	19,175	3,126	363
Miscellaneous revenue						63,542	204,603	112,052
Total Receipts	2,965,352	114,912	2,114	500,232	139,364	3,721,974	1,175,855	112,415
								968,126
								3,489
								316,655
								1,288,270

(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, 2019

	Governmental Activities				Business-type Activities			
	Major Funds				Major Fund			
	General Fund	Debt Service	Settlement Fund	BP Appropriation Funds	Non-Major Funds	Total	Water/Sewer Funds	Non-Major Business-type Fund
DISBURSEMENTS								
General government	573,129	1,500	42,509			617,138		
Public safety	1,301,721				14,539	1,316,260		
Public works	755,813			77,148	138,647	971,608		
Health and welfare	2,100					2,100		
Culture and recreation	308,945				1,065	310,010		
Economic development	15,000					15,000		
Water and sewer utility and cemetery:								
Personal services							401,628	401,628
Supplies							64,666	64,666
Maintenance & repairs							704,881	704,881
Utilities							142,650	142,650
Total Disbursements	2,956,708	1,500	42,509	77,148	154,251	3,232,116	1,313,825	0
Excess of Receipts Over (Under) Disbursements	8,644	113,412	(40,395)	423,084	(14,887)	489,858	(137,970)	112,415
OTHER CASH SOURCES (USES)								
Capital outlay	(2,250)				(4,526)	(6,776)		
Principal paid on loan and lease purchase	(23,861)				(24,465)	(48,326)	(150,125)	(105,084)
Interest paid on loan and lease purchase	(2,014)				(3,901)	(5,915)	(33,970)	(42,000)
Principal paid on bonds		(73,000)				(73,000)		
Interest and fiscal fees paid on bonds		(29,211)				(29,211)		
Transfers in (out) to other funds	107,180					107,180	(58,480)	(48,700)
Total Other Cash Sources and (Uses)	79,055	(102,211)	0	0	(32,892)	(56,048)	(242,575)	(195,784)

(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, 2019

	Governmental Activities				Business-type Activities				
	Major Funds				Major Fund				
	General Fund	Debt Service	Settlement Fund	BP Appropriation Funds	Non-Major Funds	Total	Water/Sewer Funds	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	87,699	11,201	(40,395)	423,084	(47,779)	433,810	(380,545)	(83,369)	(463,914)
CASH BASIS FUND BALANCE - Beginning of Year	15,887	117,163	328,696	0	91,970	553,716	1,004,662	122,166	1,126,828
CASH BASIS FUND BALANCE - End of Year	\$ 103,586	128,364	288,301	423,084	44,191	987,526	624,117	38,797	662,914
CASH BASIS ASSETS - End of Year									
Cash and cash equivalents	84,461	128,364	288,301	423,084	1,498	925,708	429,715	38,797	468,512
Restricted cash	19,125				42,693	61,818	194,403		194,403
Total Cash Basis Assets	\$ 103,586	128,364	288,301	423,084	44,191	987,526	624,118	38,797	662,915
CASH BASIS FUND BALANCES - End of Year									
Restricted:									
Restricted for unemployment compensation	\$ 18,625					18,625	194,403		194,403
Restricted for meter deposits					42,693	43,193			
Restricted for public safety	500								
Committed:									
Debt service		128,364				128,364	84,014	38,797	84,014
Cemetery									
Assigned:									
Public works			288,301	423,084	1,498	712,883	345,701		345,701
Unassigned	84,461					84,461			
Total Cash Basis Fund Balances	\$ 103,586	128,364	288,301	423,084	44,191	987,526	624,118	38,797	662,915

The accompanying 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, 2019

(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, 2019

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

BP Appropriation Funds accounts for funds appropriated to the City by the State of Mississippi for capital 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.

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, 2019

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 \$1,650,440 and the bank balance was \$2,066,039. 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, 2019

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, 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, 2019, 2018 and 2017 were \$227,859, \$224,365 and \$233,755, 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 No. 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, 2019.

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	\$ 52,757

Each agreement was negotiated in accordance with Section 27-31-101, et. seq., Miss. Code Ann.(1972), 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, 2019**

(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 December 16, 2019, 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 - UNAUDITED
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 1,203,000	1,203,000	1,087,434	(115,566)
Road and bridge tax	155,000	155,000	160,722	5,722
License and permits	21,500	21,500	19,779	(1,721)
Franchise taxes on utilities	20,000	20,000	138,371	118,371
Intergovernmental revenues:				
Federal revenues:				
Grants		6,132		(6,132)
State shared revenues:				
Sales taxes	725,000	725,000	777,941	52,941
Homestead exemption reimbursement	80,000	80,000	83,651	3,651
Grants			6,132	6,132
General municipal aid	6,000	6,000	2,515	(3,485)
Gasoline tax	3,000	3,000	4,380	1,380
Grand Gulf	45,000	45,000	43,732	(1,268)
Charges for services:				
Garbage	462,500	462,500	450,053	(12,447)
Industrial rents	32,850	32,850	30,300	(2,550)
Other	38,000	71,700	23,429	(48,271)
Fines and forfeits	85,300	85,300	57,434	(27,866)
Interest income	37,200	37,200	15,937	(21,263)
Miscellaneous revenue	6,000	6,000	109,992	103,992
Total Receipts	<u>2,920,350</u>	<u>2,960,182</u>	<u>3,011,802</u>	<u>51,620</u>
EXPENDITURES				
General government	585,721	590,984	573,129	17,855
Public safety	1,286,026	1,276,026	1,301,721	(25,695)
Public works	698,400	682,400	755,813	(73,413)
Health and welfare	2,100	2,100	2,100	
Culture and recreation	351,150	351,150	308,945	42,205
Economic development	16,800	16,800	15,000	1,800
Debt service	26,343	38,604	25,875	12,729
Total Expenditures	<u>2,966,540</u>	<u>2,958,064</u>	<u>2,982,583</u>	<u>(24,519)</u>
Excess of Receipts Over (Under) Expenditures	<u>(46,190)</u>	<u>2,118</u>	<u>29,219</u>	<u>27,101</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of capital assets	20,000	20,000		(20,000)
Refunds	5,000	5,000		(5,000)
Transfers in (out) to other funds	58,480	58,480	58,480	
Total Other Cash Sources and Uses	<u>83,480</u>	<u>83,480</u>	<u>58,480</u>	<u>(25,000)</u>
Net Change in Cash Basis Fund Balance	37,290	85,598	87,699	2,101
Cash Basis Fund Balances - Beginning	<u>191,255</u>	<u>15,887</u>	<u>15,887</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 228,545</u>	<u>101,485</u>	<u>103,586</u>	<u>2,101</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, 2019
UNAUDITED**

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, 2019

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2018</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2019</u>	<u>Interest Paid</u>
<u>Bonds</u>				
Business-type Activities:				
General obligation bonds, Series 2016	\$ 1,160,000	73,000	1,087,000	29,111
Total Bonds	<u>1,160,000</u>	<u>73,000</u>	<u>1,087,000</u>	<u>29,111</u>
<u>Other Long-term Debt</u>				
Governmental Activities:				
Lease purchase - tractor & boom mower	8,934	8,934		94
Lease purchase - 2017 Ford F150	13,657	8,566	5,091	230
Lease purchase - 2017 Pierce pumper	<u>283,096</u>	<u>30,826</u>	<u>252,270</u>	<u>5,591</u>
Total Governmental Activities	<u>305,687</u>	<u>48,326</u>	<u>257,361</u>	<u>5,915</u>
Business-type Activities:				
WWTP roof and Phase II sewer	105,556	18,854	86,702	1,999
Sewer project - Jackson Street	77,292	7,302	69,990	2,285
Lease purchase - tractor & boom mower	8,948	8,948		80
Lease purchase - water meters	1,017,812	83,839	933,973	29,284
Lease purchase - F550 utility truck	15,567	9,252	6,315	323
Phase III sewer - Department of Environmental Quality State Revolving Loan	136,271	19,705	116,566	2,227
Department of Environmental Quality State Revolving Loan	<u>2,195,536</u>	<u>107,309</u>	<u>2,088,227</u>	<u>39,772</u>
Total Business-type Activities	<u>3,556,982</u>	<u>255,209</u>	<u>3,301,773</u>	<u>75,970</u>
Total Other Long-term Debt	<u>3,862,669</u>	<u>303,535</u>	<u>3,559,134</u>	<u>81,885</u>
Total Long-term Debt	<u>\$ 5,022,669</u>	<u>376,535</u>	<u>4,646,134</u>	<u>110,996</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2019

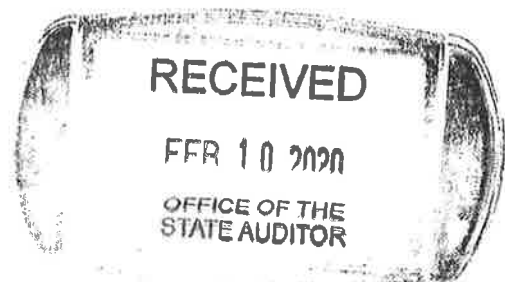
	<u>Deposit Amount</u>
Certificate of Deposit with Copiah Bank; maturing June 21, 2020; Interest rate 2.02%.	\$ 394,922
Certificate of Deposit with Copiah Bank; maturing January 3, 2020; Interest rate 2.02%.	258,964
Certificate of Deposit with Copiah Bank; maturing April 20, 2020; Interest rate 2.02%.	17,085
Certificate of Deposit with Copiah Bank; maturing December 11, 2019; Interest rate 1.86%.	<u>12,491</u>
	<u><u>\$ 683,462</u></u>
Fund Recap:	
General Fund	\$ 601,012
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
	<u><u>\$ 683,462</u></u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 697,923			697,923
Buildings	2,471,128			2,471,128
Improvements other than buildings	5,341,891			5,341,891
Mobile equipment	1,405,495	6,776	(22,049)	1,390,222
Furniture and equipment	408,776			408,776
Equipment under capital lease	<u>473,919</u>			<u>473,919</u>
Total Governmental Activities Capital Assets	<u>\$ 10,799,132</u>	<u>6,776</u>	<u>(22,049)</u>	<u>10,783,859</u>
Business-type Activities				
Capital Assets:				
Land	\$ 254,800			254,800
Construction in progress	45,090			45,090
Buildings	253,700			253,700
Improvements other than buildings	7,590,314			7,590,314
Mobile equipment	228,799			228,799
Furniture and equipment	223,394			223,394
Equipment under capital lease	<u>1,401,410</u>			<u>1,401,410</u>
Total Business-type Activities Capital Assets	<u>\$ 9,997,507</u>	<u>0</u>	<u>0</u>	<u>9,997,507</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2019

<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
Lacey Henderson	Parks & Rec. Director	Travelers	\$ 50,000
Edward Palmer	Police Chief	Travelers	\$ 50,000
Misheila Johnson	Office Manager	Travelers	\$ 50,000
Lexy Green	Asst. Office Manager	Travelers	\$ 50,000
Roxanne Mack	Visitors Center Supervisor	Travelers	\$ 50,000
Randy Moulder	Maintenance Supervisor	Travelers	\$ 50,000
Lorenzo Delcid	Caretaker	Travelers	\$ 50,000
Kernandis Hillard	Pool Manager	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
Maurice Moncure	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
James Murphy	Police Officer	Travelers	\$ 25,000
Likaylo Dixon	Police Officer	Travelers	\$ 25,000



CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SUPPLEMENTAL INFORMATION

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Cash Receipts and Disbursements - UNAUDITED
Water/Sewer Funds
For the Year Ended September 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
RECEIPTS			
Charges for services	\$ 626,168	341,958	968,126
Interest income	3,126		3,126
Miscellaneous revenue	204,603		204,603
Total Receipts	<u>833,897</u>	<u>341,958</u>	<u>1,175,855</u>
DISBURSEMENTS			
Water and sewer utility:			
Personal services	251,901	149,727	401,628
Supplies	40,559	24,107	64,666
Maintenance & repairs	395,009	234,789	629,798
Utilities	89,470	53,180	142,650
Other services and charges	47,092	27,991	75,083
Total Disbursements	<u>824,031</u>	<u>489,794</u>	<u>1,313,825</u>
Excess of Receipts Over (Under) Disbursements	<u>9,866</u>	<u>(147,836)</u>	<u>(137,970)</u>
OTHER CASH SOURCES (USES)			
Principal paid on loan and lease purchase	(66,286)	(83,839)	(150,125)
Interest paid on loan and lease purchase	(4,687)	(29,283)	(33,970)
Transfers in (out) to other funds	(58,480)		(58,480)
Total Other Cash Sources and (Uses)	<u>(129,453)</u>	<u>(113,122)</u>	<u>(242,575)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ (119,587)</u>	<u>(260,958)</u>	<u>(380,545)</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SPECIAL REPORTS

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Crystal Springs, Mississippi's internal control over financial reporting (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.

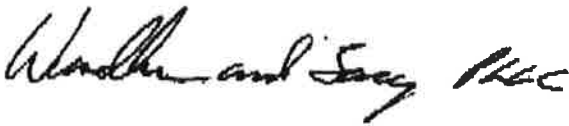


Compliance and Other Matters

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 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
December 16, 2019



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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, 2019, and have issued our report thereon dated December 16, 2019. 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
December 16, 2019

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Schedule of Findings
For the Year Ended September 30, 2019**

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*.

