

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORT**

SEPTEMBER 30, 2022

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Cash Position - Cash Basis	5-6
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental and Business-type Funds	7-12
Notes to Financial Statements	13-17
REQUIRED SUPPLEMENTARY INFORMATION	18
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	19
Notes to the Required Supplementary Information	20
OTHER REQUIRED SUPPLEMENTARY INFORMATION	21
Schedule of Changes in Long-term Debt	22
Schedule of Investments - All Funds	23
Schedule of Capital Assets	24
Schedule of Surety Bonds for Municipal Officials and Employees	25
SUPPLEMENTAL INFORMATION	26
Statement of Cash Receipts and Disbursements - Water/Sewer Funds	27
SPECIAL REPORT	28
Independent Auditors' Report on Compliance with State Laws and Regulations	29
SCHEDULE OF FINDINGS	30-31

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Crystal Springs, Mississippi's cash basis financial statements as listed in the table of contents.

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, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Crystal Springs, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis accounting, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Crystal Springs, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Crystal Springs, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Crystal Springs, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

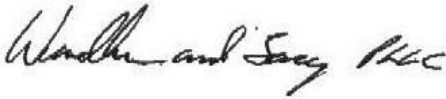
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crystal Springs, Mississippi's cash basis financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the cash basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the cash basis financial statements and our auditors' report thereon. Our opinions on the cash basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the cash basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Windham and Lacey, PLLC
April 28, 2023

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, 2022

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 893,208	33,900	2,511	579,580	(277,217)		(277,217)
Public safety	1,629,485	121,613	79,005		(1,428,867)		(1,428,867)
Public works	1,377,468	480,373		219,999	(677,096)		(677,096)
Health and welfare	2,100	15,298			13,198		13,198
Culture and recreation	406,938	30,289		750,000	373,351		373,351
Economic development	15,000				(15,000)		(15,000)
Interest on long-term debt	27,716				(27,716)		(27,716)
Total Governmental Activities	4,351,915	681,473	81,516	1,549,579	(2,039,347)	0	(2,039,347)
Business-type Activities:							
Water/Sewer	1,126,533	1,151,929				25,396	25,396
Cemetery		14,350				14,350	14,350
Total Business-type Activities	1,126,533	1,166,279	0	0	0	39,746	39,746
Total Government	\$ 5,478,448	1,847,752	81,516	1,549,579	(2,039,347)	39,746	(1,999,601)
General Receipts							
Taxes:							
Property taxes					\$ 1,504,990		1,504,990
Road & bridge privilege taxes					133,125		133,125
Sales tax					871,299		871,299
Franchise taxes					3,757		3,757
Grants and contributions not restricted to specific programs					134,138		134,138
Unrestricted investment income					29,518	4,926	34,444
Miscellaneous					457,697	96,466	554,163
Transfers					(8,519)	8,519	
Total General Receipts					3,126,005	109,911	3,235,916
Change in Net Cash Position					1,086,658	149,657	1,236,315
Net Cash Position - Beginning					1,280,424	1,242,033	2,522,457
Net Cash Position - Ending					\$ 2,367,082	1,391,690	3,758,772

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2022

Continued

ASSETS

Cash and cash equivalents	\$ 3,112,844
Restricted cash	<u>645,928</u>
Total Assets	\$ <u><u>3,758,772</u></u>

NET CASH POSITION

Restricted:	
Restricted for unemployment compensation	\$ 19,859
Restricted for meter deposits	214,165
Restricted for public works	359,050
Restricted for public safety	52,854
Unrestricted	<u>3,112,845</u>
Total Net Cash Position	\$ <u><u>3,758,772</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, 2022

	Governmental Activities						
	Major Funds						
	General Fund	ARPA Fund	Walkway Lighting Project Fund	Chautauqua Park Amphitheatre Fund	Settlement Fund	Non-Major Funds	Total
RECEIPTS							
Ad valorem taxes	\$ 1,376,179					128,811	1,504,990
Road and bridge tax	133,125						133,125
License and permits	30,323						30,323
Franchise taxes on utilities	3,757						3,757
Intergovernmental revenues:							
Federal revenues:							
Grants	579,580					5,976	585,556
State shared revenues:							
Sales taxes	871,299						871,299
Homestead exemption reimbursement	80,689					4,247	84,936
Grants			250,000	500,000		20,000	770,000
General municipal aid	2,511						2,511
Gasoline tax	4,388						4,388
Fire rebate	5,666					61,449	67,115
Grand Gulf	44,815						44,815
Other	5,912				200,000		205,912
Charges for services:							
Garbage	480,373						480,373
Industrial rents	30,600						30,600
Other	30,289						30,289
Water and sewer utility							
Fines and forfeits	96,531					13,357	109,888
Interest income	15,852	46	5	11	12,048	1,556	29,518
Miscellaneous revenue	216,519					241,178	457,697
Total Receipts	4,008,408	46	250,005	500,011	212,048	476,574	5,447,092

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, 2022

Continued

	Business-type Activities		
	Major Funds		
	Water/Sewer Funds	Non-Major Business-type Fund	Total
RECEIPTS			
Ad valorem taxes			\$
Road and bridge tax			
License and permits			
Franchise taxes on utilities			
Intergovernmental revenues:			
Federal revenues:			
Grants			
State shared revenues:			
Sales taxes			
Homestead exemption reimbursement			
Grants			
General municipal aid			
Gasoline tax			
Fire rebate			
Grand Gulf			
Other			
Charges for services:			
Garbage			
Industrial rents			
Other			
Water and sewer utility	986,236	180,043	1,166,279
Fines and forfeits			
Interest income	4,348	578	4,926
Miscellaneous revenue	7,232	89,234	96,466
Total Receipts	<u>997,816</u>	<u>269,855</u>	<u>1,267,671</u>

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, 2022

Continued

	Governmental Activities						
	Major Funds						
	General Fund	ARPA Fund	Walkway Lighting Project Fund	Chautauqua Park Amphitheatre Fund	Settlement Fund	Non-Major Funds	Total
DISBURSEMENTS							
General government	705,400				26,870	1,500	733,770
Public safety	1,511,904					23,692	1,535,596
Public works	1,094,594	14,412				150,456	1,259,462
Health and welfare	2,100						2,100
Culture and recreation	381,784					1,630	383,414
Economic development	15,000						15,000
Water and sewer utility and cemetery:							
Personal services							
Supplies							
Maintenance & repairs							
Utilities							
Total Disbursements	3,710,782	14,412	0	0	26,870	177,278	3,929,342
Excess of Receipts Over							
(Under) Disbursements	297,626	(14,366)	250,005	500,011	185,178	299,296	1,517,750
OTHER CASH SOURCES (USES)							
Capital outlay	(180,328)	(65,383)		(18,105)		(4,170)	(267,986)
Principal paid on loan and lease purchase	(24,745)					(22,126)	(46,871)
Interest paid on loan and lease purchase	(1,769)					(2,729)	(4,498)
Principal paid on bonds						(80,000)	(80,000)
Interest and fiscal fees paid on bonds						(23,218)	(23,218)
Transfers in (out) to other funds	(735,346)	438,799			288,000	28	(8,519)
Total Other Cash Sources and (Uses)	(942,188)	373,416	0	(18,105)	288,000	(132,215)	(431,092)

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, 2022

Continued

	Business-type Activities		
	Major Funds	Non-Major Business-type Fund	Total
	Water/Sewer Funds		
DISBURSEMENTS			
General government			
Public safety			
Public works			
Health and welfare			
Culture and recreation			
Economic development			
Water and sewer utility and cemetery:			
Personal services	363,725		363,725
Supplies	92,051		92,051
Maintenance & repairs	197,697	23,399	221,096
Utilities	131,548		131,548
Total Disbursements	<u>785,021</u>	<u>23,399</u>	<u>808,420</u>
Excess of Receipts Over (Under) Disbursements	<u>212,795</u>	<u>246,456</u>	<u>459,251</u>
OTHER CASH SOURCES (USES)			
Capital outlay			
Principal paid on loan and lease purchase	(51,661)	(209,749)	(261,410)
Interest paid on loan and lease purchase	(3,416)	(53,287)	(56,703)
Principal paid on bonds			
Interest and fiscal fees paid on bonds			
Transfers in (out) to other funds	(58,481)	67,000	8,519
Total Other Cash Sources and (Uses)	<u>(113,558)</u>	<u>(196,036)</u>	<u>(309,594)</u>

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, 2022

Continued

	Governmental Activities						
	<u>Major Funds</u>						
	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Walkway Lighting Project Fund</u>	<u>Chautauqua Park Amphitheatre Fund</u>	<u>Settlement Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(644,562)	359,050	250,005	481,906	473,178	167,081	1,086,658
CASH BASIS FUND BALANCE - Beginning of Year	<u>941,707</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>318</u>	<u>338,399</u>	<u>1,280,424</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 297,145</u>	<u>359,050</u>	<u>250,005</u>	<u>481,906</u>	<u>473,496</u>	<u>505,480</u>	<u>2,367,082</u>
CASH BASIS ASSETS - End of Year							
Cash and cash equivalents	\$ 276,786		250,005	481,906	473,496	453,126	1,935,319
Restricted cash	<u>20,359</u>	<u>359,050</u>				<u>52,354</u>	<u>431,763</u>
Total Cash Basis Assets	<u>\$ 297,145</u>	<u>359,050</u>	<u>250,005</u>	<u>481,906</u>	<u>473,496</u>	<u>505,480</u>	<u>2,367,082</u>
CASH BASIS FUND BALANCES - End of Year							
Restricted:							
Restricted for unemployment compensation	\$ 19,859						19,859
Restricted for meter deposits							
Restricted for public works		359,050					359,050
Restricted for public safety	500					52,354	52,854
Unassigned	<u>276,786</u>		<u>250,005</u>	<u>481,906</u>	<u>473,496</u>	<u>453,126</u>	<u>1,935,319</u>
Total Cash Basis Fund Balances	<u>\$ 297,145</u>	<u>359,050</u>	<u>250,005</u>	<u>481,906</u>	<u>473,496</u>	<u>505,480</u>	<u>2,367,082</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, 2022

Continued

	<u>Business-type Activities</u>		
	<u>Major Funds</u>		
	Water/Sewer Funds	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash			
Sources Over Disbursements and Other Cash Uses	99,237	50,420	149,657
CASH BASIS FUND BALANCE - Beginning of Year	<u>1,433,997</u>	<u>(191,964)</u>	<u>1,242,033</u>
CASH BASIS FUND BALANCE - End of Year	<u><u>\$ 1,533,234</u></u>	<u><u>(141,544)</u></u>	<u><u>1,391,690</u></u>
CASH BASIS ASSETS - End of Year			
Cash and cash equivalents	\$ 1,319,069	(141,544)	1,177,525
Restricted cash	<u>214,165</u>		<u>214,165</u>
Total Cash Basis Assets	<u><u>\$ 1,533,234</u></u>	<u><u>(141,544)</u></u>	<u><u>1,391,690</u></u>
CASH BASIS FUND BALANCES - End of Year			
Restricted:			
Restricted for unemployment compensation			
Restricted for meter deposits	\$ 214,165		214,165
Restricted for public works			
Restricted for public safety			
Unassigned	<u>1,319,069</u>	<u>(141,544)</u>	<u>1,177,525</u>
Total Cash Basis Fund Balances	<u><u>\$ 1,533,234</u></u>	<u><u>(141,544)</u></u>	<u><u>1,391,690</u></u>

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

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2022

(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 *ARPA fund* is a special revenue fund that accounts for grant funds.

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2022

Walkway Lighting Project Fund is a special revenue fund that accounts for a special project.

Chautauqua Park Amphitheatre Fund is a special revenue fund that accounts for a special project.

Settlement Fund is a special revenue fund that accounts for grant funds.

The government reports the following major Proprietary Fund:

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, 2022

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 \$3,758,722 and the bank balance was \$3,964,288. 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, 2022

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 17.40% 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, 2022, 2021 and 2020 were \$261,006, \$246,947 and \$236,716, 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, 2022.

<u>Category</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	100	\$ 24,392

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, 2022**

(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 April 28, 2023, 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, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 1,198,600	1,376,179	1,376,179	
Road and bridge tax	160,000	133,125	133,125	
License and permits	23,000	30,323	30,323	
Franchise taxes on utilities	15,000	3,757	3,757	
Intergovernmental revenues:				
Federal revenues:				
Grants		579,580	579,580	
State shared revenues:				
Sales taxes	760,000	871,299	871,299	
Homestead exemption reimbursement	80,000	80,689	80,689	
General municipal aid	2,516	2,511	2,511	
Gasoline tax	4,380	4,388	4,388	
Fire rebate		5,666	5,666	
Grand Gulf	44,000	44,815	44,815	
Other		5,912	5,912	
Charges for services:				
Garbage	480,000	480,373	480,373	
Industrial rents	58,100	30,600	30,600	
Other	24,300	30,289	30,289	
Fines and forfeits	62,700	96,531	96,531	
Interest income	15,250	15,852	15,852	
Miscellaneous revenue	229,450	216,519	216,519	
Total Receipts	<u>3,157,296</u>	<u>4,008,408</u>	<u>4,008,408</u>	<u>0</u>
EXPENDITURES				
General government	617,741	705,400	705,400	
Public safety	1,384,807	1,511,904	1,511,904	
Public works	808,394	1,094,594	1,094,594	
Health and welfare	2,100	2,100	2,100	
Culture and recreation	387,734	381,784	381,784	
Economic development	15,000	15,000	15,000	
Capital outlay		180,328	180,328	
Debt service		26,514	26,514	
Total Expenditures	<u>3,215,776</u>	<u>3,917,624</u>	<u>3,917,624</u>	<u>0</u>
Excess of Receipts				
Over (Under) Expenditures	<u>(58,480)</u>	<u>90,784</u>	<u>90,784</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers in (out) to other funds	<u>58,480</u>	<u>(735,346)</u>	<u>(735,346)</u>	
Total Other Cash Sources and Uses	<u>58,480</u>	<u>(735,346)</u>	<u>(735,346)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	(644,562)	(644,562)	0
Cash Basis Fund Balances - Beginning	<u>190,231</u>	<u>941,707</u>	<u>941,707</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 190,231</u>	<u>297,145</u>	<u>297,145</u>	<u>0</u>

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

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
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, 2022

Description	Outstanding Balance Sept. 30, 2021	Redeemed	Outstanding Balance Sept. 30, 2022	Interest Paid
<u>Bonds</u>				
Governmental Activities:				
General obligation bonds, Series 2016	\$ 933,000	80,000	853,000	23,218
Total Bonds	<u>933,000</u>	<u>80,000</u>	<u>853,000</u>	<u>23,218</u>
<u>Other Long-term Debt</u>				
Governmental Activities:				
Lease purchase - 5 lawn mowers	30,480	13,547	16,933	
Lease purchase - 2017 Pierce pumper	<u>189,006</u>	<u>33,324</u>	<u>155,682</u>	4,498
Total Governmental Activities	<u>219,486</u>	<u>46,871</u>	<u>172,615</u>	<u>4,498</u>
Business-type Activities:				
WWTP roof and Phase II Sewer	47,803	20,098	27,705	755
Sewer project - Jackson Street	54,707	8,090	46,617	1,496
Lease purchase - water meters	758,760	94,352	664,408	21,600
Lease purchase - 1 lawn mower	6,097	2,709	3,388	
Phase III Sewer - Department of Environmental Quality State Revolving Loan	76,458	20,764	55,694	1,165
Department of Environmental Quality State Revolving Loan	<u>1,867,521</u>	<u>115,397</u>	<u>1,752,124</u>	<u>31,687</u>
Total Business-type Activities	<u>2,811,346</u>	<u>261,410</u>	<u>2,549,936</u>	<u>56,703</u>
Total Other Long-term Debt	<u>3,030,832</u>	<u>308,281</u>	<u>2,722,551</u>	<u>61,201</u>
Total Long-term Debt	\$ <u>3,963,832</u>	<u>388,281</u>	<u>3,575,551</u>	<u>84,419</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2022

	<u>Deposit Amount</u>
Certificate of Deposit with Copiah Bank; maturing June 22, 2023; interest rate of 0.55%.	\$ 404,163
Certificate of Deposit with Copiah Bank; maturing January 4, 2023; interest rate of .35%.	267,091
Certificate of Deposit with Copiah Bank; maturing April 20, 2023; interest rate of 0.30%.	17,506
Certificate of Deposit with Copiah Bank; maturing December 10, 2023; interest rate of 2.50%.	<u>12,873</u>
	\$ <u><u>701,633</u></u>
 Fund Recap:	
General Fund	\$ 619,183
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
	\$ <u><u>701,633</u></u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 697,923			697,923
Construction in progress		18,105		18,105
Buildings	2,471,128	79,438		2,550,566
Improvements other than buildings	5,341,891			5,341,891
Mobile equipment	1,691,430	118,330	6,669	1,816,429
Furniture and equipment	646,367	52,113	6,000	704,480
Equipment under capital lease	<u>373,344</u>			<u>373,344</u>
Total Governmental Activities Capital Assets	<u>\$ 11,222,083</u>	<u>267,986</u>	<u>12,669</u>	<u>11,502,738</u>
Business-type Activities				
Capital Assets:				
Land	\$ 254,800			254,800
Buildings	253,700			253,700
Improvements other than buildings	7,635,404			7,635,404
Mobile equipment	228,799			228,799
Furniture and equipment	321,871			321,871
Equipment under capital lease	<u>1,316,129</u>			<u>1,316,129</u>
Total Business-type Activities Capital Assets	<u>\$ 10,010,703</u>	<u>0</u>	<u>0</u>	<u>10,010,703</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2022

Name	Position	Surety Company	Coverage
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
Tamra Michelle Terrebonne	Alderwoman	Travelers	\$ 50,000
Sally Garland	Mayor	Travelers	\$ 50,000
Kimberly Vaughn	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
Felicia Thompson	Parks & Recreation Director	Travelers	\$ 50,000
Rebecca Dionne	Interdepartmental Clerk	Travelers	\$ 50,000
Tony Hemphill	Police Chief	Travelers	\$ 50,000
Misheila Johnson	Office Manager	Travelers	\$ 50,000
Lexy Green	Assistant Office Manager	Travelers	\$ 50,000
Jamie Dejean	Maintenance Supervisor	Travelers	\$ 50,000
Taylor Brewer	Caretaker	Travelers	\$ 50,000
Tatyana Christmas	Pool Manager	Travelers	\$ 50,000
Various	Dispatchers	Travelers	\$ 50,000
Joseph McKenny	Police Captain	Travelers	\$ 25,000
Various	Police Officers	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, 2022

	Water Fund	Sewer Fund	Total
RECEIPTS			
Charges for services	\$ 629,188	357,048	986,236
Interest income	4,348		4,348
Miscellaneous revenue	7,232		7,232
Total Receipts	<u>640,768</u>	<u>357,048</u>	<u>997,816</u>
DISBURSEMENTS			
Water and Sewer Utility :			
Personal services	228,128	135,597	363,725
Supplies	57,734	34,317	92,051
Maintenance & repairs	123,996	73,701	197,697
Utilities	82,507	49,041	131,548
Total Disbursements	<u>492,365</u>	<u>292,656</u>	<u>785,021</u>
Excess of Receipts Over (Under) Disbursements	<u>148,403</u>	<u>64,392</u>	<u>212,795</u>
OTHER CASH SOURCES (USES)			
Capital outlay			
Principal paid on loan and lease purchase	(51,661)		(51,661)
Interest paid on loan and lease purchase	(3,416)		(3,416)
Proceeds from debt			
Transfers in (out) to other funds	(58,481)		(58,481)
Total Other Cash Sources and (Uses)	<u>(113,558)</u>	<u>0</u>	<u>(113,558)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ 34,845</u>	<u>64,392</u>	<u>99,237</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SPECIAL REPORT

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

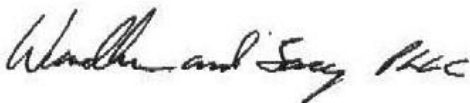
Honorable Mayor and
Members of the Board of Aldermen
City of Crystal Springs, Mississippi

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, 2022, and have issued our report thereon dated April 28, 2023. 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
April 28, 2023

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

Schedule of Findings For the Year Ended September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' 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*.