

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.

Received
10/3/24



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

October 1, 2024

City of Crystal Springs
P.O. Box 473
Crystal Springs, MS 39059

To Whom it May Concern:

Our records indicate that we have not received your Municipality's Annual Financial Report(s) for the Fiscal Year(s) Ended 2020. *Mississippi Code Section 21-35-31* requires this report to be filed with the State Auditor by September 30 of each year for the preceding fiscal year. This statute also provides penalties for Municipalities who fail to file their reports. State law makes it a duty of the State Auditor to determine whether each municipality has complied with this section, and describes what actions will occur to facilitate this compliance.

If the listed Annual Financial Reports were prepared, we ask that you file your report(s) immediately. You can send your report to municipal.reports@osa.ms.gov, or mail them to us.

If the listed Annual Financial Reports were not prepared, we ask that you send us your plan, in writing, to come into compliance with the State Law requiring these audits. We understand that there may be special circumstances causing your report to be delayed. If this is the case, it is important that you make us aware of these circumstances. Please contact the Director of Municipal Compliance Audit at Leigh.Barber@osa.ms.gov if the Municipality's Annual Financial Report(s) will not be forthcoming in the next few days.

The requirements for these Annual Financial Reports have been temporarily changed to expedite their preparation. If your municipality has revenues or expenses of less than \$100,000.00 for the fiscal year you qualify to use the exemption from audit form. If the revenues or expenses are \$100,001.00 to \$5,000,000.00 you may utilize an agreed upon procedures engagement with a compilation performed by a CPA or other qualified accountant. Revenues or expenses in excess of \$5,000,001.00 require a full audit by a CPA, with your choice of cash or full accrual basis. If you need any information as to the type of audit your municipality needs for these years, please contact Technical Assistance at (800) 321-1275.

If we do not hear from you, we will pursue the process outlined in *Mississippi Code Section 21-35-31*, which involves diverting your sales tax proceeds to pay for these audits and our cost to facilitate them. To prevent this from happening, action on your part is necessary.

Thank you for your time and effort in this matter. Please let me know if you have any questions or need any additional information.

Serving Mississippi Together,

A handwritten signature in black ink, appearing to read 'Shad White', with a large, stylized loop at the end.

Shad White, State Auditor

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS**

SEPTEMBER 30, 2020

31A
2/2/2021

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, 2020, 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, 2020, 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 4, 2020, 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 4, 2020

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, 2020

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	\$ 678,248	35,600	2,515		(640,133)		(640,133)
Public safety	1,366,892	65,098	33,430		(1,268,364)		(1,268,364)
Public works	1,272,431	473,917		93,271	(705,243)		(705,243)
Health and welfare	2,100	18,932			16,832		16,832
Culture and recreation	332,128	14,002	8,500		(309,626)		(309,626)
Economic development	15,000				(15,000)		(15,000)
Interest on long-term debt	33,498				(33,498)		(33,498)
Total Governmental Activities	<u>3,700,297</u>	<u>607,549</u>	<u>44,445</u>	<u>93,271</u>	<u>(2,955,032)</u>	<u>0</u>	<u>(2,955,032)</u>
Business-type Activities:							
Water/Sewer	1,415,107	1,195,215	500			(219,392)	(219,392)
Cemetery		17,850				17,850	17,850
Total Business-type Activities	<u>1,415,107</u>	<u>1,213,065</u>	<u>500</u>	<u>0</u>	<u>0</u>	<u>(201,542)</u>	<u>(201,542)</u>
Total Government	<u>\$ 5,115,404</u>	<u>1,820,614</u>	<u>44,945</u>	<u>93,271</u>	<u>(2,955,032)</u>	<u>(201,542)</u>	<u>(3,156,574)</u>
General Receipts							
Taxes:							
Property taxes					\$ 1,234,024		1,234,024
Road & bridge privilege taxes					165,252		165,252
Sales tax					802,171		802,171
Franchise taxes					122,995		122,995
Grants and contributions not restricted to specific programs					136,655		136,655
Unrestricted investment income					22,019	8,232	30,251
Miscellaneous					72,335	340,530	412,865
Transfers					13,960	(13,960)	
Total General Receipts					<u>2,569,411</u>	<u>334,802</u>	<u>2,904,213</u>
Change in Net Cash Position					(385,621)	133,260	(252,361)
Net Cash Position - Beginning					<u>987,526</u>	<u>662,914</u>	<u>1,650,440</u>
Net Cash Position - Ending					<u>\$ 601,905</u>	<u>796,174</u>	<u>1,398,079</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2020

(Continued)

ASSETS

Cash and cash equivalents	\$ 1,135,872
Restricted cash	<u>262,207</u>
Total Assets	\$ <u>1,398,079</u>

NET CASH POSITION

Restricted:	
Restricted for unemployment compensation	\$ 19,602
Restricted for meter deposits	205,287
Restricted for public safety	37,318
Unrestricted	<u>1,135,873</u>
Total Net Cash Position	\$ <u>1,398,079</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, 2020

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund	Nonmajor Fund	
	General Fund	Debt Service	BP Appropriation Funds	Nonmajor Funds	Total	Water/Sewer Funds	Business-type Fund	Total
RECEIPTS								
Ad valorem taxes	\$ 1,119,921	114,103			1,234,024			
Road and bridge tax	165,252				165,252			
License and permits	25,377				25,377			
Franchise taxes on utilities	122,995				122,995			
Intergovernmental revenues:								
Federal revenues:								
Grants						500		500
State shared revenues:								
Sales taxes	802,171				802,171			
Homestead exemption reimbursement	83,131	4,375			87,506			
Grants	7,000			93,271	100,271			
General municipal aid	2,515				2,515			
Gasoline tax	4,380				4,380			
Fire rebate				30,430	30,430			
Grand Gulf	44,769				44,769			
Charges for services:								
Garbage	473,917				473,917			
Industrial rents	35,400				35,400			
Other	13,216			786	14,002			
Water and sewer utility						1,195,215	17,850	1,213,065
Fines and forfeits	50,291			8,562	58,853			
Interest income	15,732	1,600	3,928	759	22,019	7,816	416	8,232
Miscellaneous revenue	15,640			61,195	76,835	340,530		340,530
Total Receipts	<u>2,981,707</u>	<u>120,078</u>	<u>3,928</u>	<u>195,003</u>	<u>3,300,716</u>	<u>1,544,061</u>	<u>18,266</u>	<u>1,562,327</u>

(Continued)

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2020

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund	Nonmajor Fund	
	General Fund	Debt Service	BP Appropriation Funds	Nonmajor Funds	Total	Water/Sewer Funds	Business-type Fund	Total
DISBURSEMENTS								
General government	583,119	1,500			584,619			
Public safety	1,222,313			14,814	1,237,127			
Public works	812,609		242,454	140,442	1,195,505			
Health and welfare	2,100				2,100			
Culture and recreation	307,579			578	308,157			
Economic development	15,000				15,000			
Water and sewer utility and cemetery:								
Personal services						401,602		401,602
Supplies						58,819		58,819
Maintenance & repairs						482,186	18,827	501,013
Utilities						126,820		126,820
Total Disbursements	<u>2,942,720</u>	<u>1,500</u>	<u>242,454</u>	<u>155,834</u>	<u>3,342,508</u>	<u>1,069,427</u>	<u>18,827</u>	<u>1,088,254</u>
Excess of Receipts Over (Under) Disbursements	<u>38,987</u>	<u>118,578</u>	<u>(238,526)</u>	<u>39,169</u>	<u>(41,792)</u>	<u>474,634</u>	<u>(561)</u>	<u>474,073</u>
OTHER CASH SOURCES (USES)								
Capital outlay	(136,949)		(36,210)	(39,247)	(212,406)	(5,067)		(5,067)
Principal paid on loan and lease purchase	(10,483)			(25,402)	(35,885)	(160,500)	(86,326)	(246,826)
Interest paid on loan and lease purchase	(2,040)			(4,184)	(6,224)	(45,335)	(29,625)	(74,960)
Principal paid on bonds		(76,000)			(76,000)			
Interest and fiscal fees paid on bonds		(27,274)			(27,274)			
Transfers in (out) to other funds	301,960			(288,000)	13,960	(83,480)	69,520	(13,960)
Total Other Cash Sources and (Uses)	<u>152,488</u>	<u>(103,274)</u>	<u>(36,210)</u>	<u>(356,833)</u>	<u>(343,829)</u>	<u>(294,382)</u>	<u>(46,431)</u>	<u>(340,813)</u>

(Continued)

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2020

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund	Nonmajor Fund	
	General Fund	Debt Service	BP Appropriation Funds	Nonmajor Funds	Total	Water/Sewer Funds	Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	191,475	15,304	(274,736)	(317,664)	(385,621)	180,252	(46,992)	133,260
CASH BASIS FUND BALANCE - Beginning of Year	<u>103,586</u>	<u>128,364</u>	<u>423,084</u>	<u>332,492</u>	<u>987,526</u>	<u>593,360</u>	<u>69,554</u>	<u>662,914</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 295,061</u>	<u>143,668</u>	<u>148,348</u>	<u>14,828</u>	<u>601,905</u>	<u>773,612</u>	<u>22,562</u>	<u>796,174</u>
CASH BASIS ASSETS - End of Year								
Cash and cash equivalents	\$ 274,959	143,668	148,348	(21,990)	544,985	568,325	22,562	590,887
Restricted cash	<u>20,102</u>			<u>36,818</u>	<u>56,920</u>	<u>205,287</u>		<u>205,287</u>
Total Cash Basis Assets	<u>\$ 295,061</u>	<u>143,668</u>	<u>148,348</u>	<u>14,828</u>	<u>601,905</u>	<u>773,612</u>	<u>22,562</u>	<u>796,174</u>
CASH BASIS FUND BALANCES - End of Year								
Restricted:								
Restricted for unemployment compensation	\$ 19,602				19,602			
Restricted for meter deposits						205,287		205,287
Restricted for public safety	500			36,818	37,318			
Committed:								
Debt service		143,668			143,668	84,013		84,013
Cemetery							22,562	22,562
Assigned:								
Public works			148,348	(21,990)	126,358			
Unassigned	<u>274,959</u>				<u>274,959</u>	<u>484,312</u>		<u>484,312</u>
Total Cash Basis Fund Balances	<u>\$ 295,061</u>	<u>143,668</u>	<u>148,348</u>	<u>14,828</u>	<u>601,905</u>	<u>773,612</u>	<u>22,562</u>	<u>796,174</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, 2020

(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, 2020

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

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, 2020

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 \$1,398,079 and the bank balance was \$1,640,836. 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, 2020

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, 2020, 2019 and 2018 were \$236,716, \$227,859 and \$224,365, 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, 2020.

<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	\$ 45,798

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, 2020**

(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 4, 2020, 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
RECEIPTS				
Ad valorem taxes	\$ 1,216,930	1,119,921	1,119,921	
Road and bridge tax	156,000	165,252	165,252	
License and permits	19,800	25,377	25,377	
Franchise taxes on utilities	15,000	122,995	122,995	
Intergovernmental revenues:				
Federal revenues:				
Grants		7,000	7,000	
State shared revenues:				
Sales taxes	750,000	802,171	802,171	
Homestead exemption reimbursement	80,000	83,131	83,131	
Grants				
General municipal aid	2,516	2,515	2,515	
Gasoline tax	4,380	4,380	4,380	
Grand Gulf	44,000	44,769	44,769	
Charges for services:				
Garbage	468,500	473,917	473,917	
Industrial rents	32,850	35,400	35,400	
Other	32,500	13,216	13,216	
Fines and forfeits	75,800	50,291	50,291	
Interest income	2,777	15,732	15,732	
Miscellaneous revenue	11,500	5,824	5,824	
Total Receipts	<u>2,912,553</u>	<u>2,971,891</u>	<u>2,971,891</u>	<u>0</u>
EXPENDITURES				
General government	623,298	600,748	600,748	
Public safety	1,349,756	1,316,193	1,316,193	
Public works	729,157	814,078	814,078	
Health and welfare	2,100	2,100	2,100	
Culture and recreation	359,669	327,855	327,855	
Economic development	16,800	15,000	15,000	
Capital outlay		3,695	3,695	
Debt service	15,332	12,523	12,523	
Total Expenditures	<u>3,096,112</u>	<u>3,092,192</u>	<u>3,092,192</u>	<u>0</u>
Excess of Receipts				
Over (Under) Expenditures	<u>(183,559)</u>	<u>(120,301)</u>	<u>(120,301)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of capital assets	20,000	6,244	6,244	
Refunds	5,000	3,572	3,572	
Transfers in (out) to other funds	58,480	301,960	301,960	
Total Other Cash Sources and Uses	<u>83,480</u>	<u>311,776</u>	<u>311,776</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(100,079)	191,475	191,475	0
Cash Basis Fund Balances - Beginning	<u>228,545</u>	<u>103,586</u>	<u>103,586</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 128,466</u>	<u>295,061</u>	<u>295,061</u>	<u>0</u>

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

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
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, 2020

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2019</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2020</u>	<u>Interest Paid</u>
<u>Bonds:</u>				
Business-type Activities:				
General obligation bonds, series 2016	\$ 1,087,000	76,000	1,011,000	27,274
Total Bonds	<u>1,087,000</u>	<u>76,000</u>	<u>1,011,000</u>	<u>27,274</u>
<u>Other Long-term Debt:</u>				
Governmental Activities:				
Lease purchase - 2017 Ford F150	5,091	5,091		40
Lease purchase - 2017 Pierce pumper	<u>252,270</u>	<u>30,794</u>	<u>221,476</u>	<u>6,184</u>
Total Governmental Activities	<u>257,361</u>	<u>35,885</u>	<u>221,476</u>	<u>6,224</u>
Business-type Activities:				
WWTP roof and Phase II sewer	86,702	19,416	67,286	1,436
Sewer project - Jackson Street	69,990	7,755	62,235	1,831
Lease purchase - water meters	933,973	86,326	847,647	29,625
Lease purchase - F550 utility truck	6,315	6,315		68
Phase III sewer - Department of Environmental				
Quality State Revolving Loan	116,566	19,705	96,861	2,227
Department of Environmental				
Quality State Revolving Loan	<u>2,088,227</u>	<u>107,309</u>	<u>1,980,918</u>	<u>39,773</u>
Total Business-type Activities	<u>3,301,773</u>	<u>246,826</u>	<u>3,054,947</u>	<u>74,960</u>
Total Other Long-term Debt	<u>3,559,134</u>	<u>282,711</u>	<u>3,276,423</u>	<u>81,184</u>
Total Long-term Debt	\$ <u>4,646,134</u>	<u>358,711</u>	<u>4,287,423</u>	<u>108,458</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2020

	<u>Deposit Amount</u>
Certificate of Deposit with Copiah Bank; maturing June 21, 2021; Interest rate 0.65%.	\$ 401,603
Certificate of Deposit with Copiah Bank; maturing January 3, 2021; Interest rate 1.83%.	263,980
Certificate of Deposit with Copiah Bank; maturing April 20, 2021; Interest rate 0.80%.	17,381
Certificate of Deposit with Copiah Bank; maturing December 11, 2020; Interest rate 2.07%.	<u>12,744</u>
	<u>\$ 695,708</u>
Fund Recap:	
General Fund	\$ 613,258
Debt Service Fund	43,421
Water and Sewer Fund	<u>39,029</u>
	<u>\$ 695,708</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2020

	<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	1,390,222	145,208		1,535,430
Furniture and equipment	408,776	67,198	(2,475)	473,499
Equipment under capital lease	473,919			473,919
 Total Governmental Activities Capital Assets	 \$ <u>10,783,859</u>	 <u>212,406</u>	 <u>(2,475)</u>	 <u>10,993,790</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	5,067		228,461
Equipment under capital lease	1,401,410			1,401,410
 Total Business-type Activities Capital Assets	 \$ <u>9,997,507</u>	 <u>5,067</u>	 <u>0</u>	 <u>10,002,574</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2020

<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
Alicia Lofton	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
Rebecca Dionne	Interdepartmental Clerk	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
Randy Moulder	Maintenance Supervisor	Travelers	\$50,000
Kristopher Green	Caretaker	Travelers	\$50,000
Tatyana Christmas	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 Captain	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, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
RECEIPTS			
Federal Grant	500		500
Charges for services	\$ 665,507	529,708	1,195,215
Interest income	7,816		7,816
Miscellaneous revenue	340,530		340,530
Total Receipts	<u>1,014,353</u>	<u>529,708</u>	<u>1,544,061</u>
DISBURSEMENTS			
Water and sewer utility :			
Personal services	251,885	149,717	401,602
Supplies	36,891	21,928	58,819
Maintenance & repairs	250,363	148,813	399,176
Utilities	79,542	47,278	126,820
Other services and charges	52,064	30,946	83,010
Total Disbursements	<u>670,745</u>	<u>398,682</u>	<u>1,069,427</u>
Excess of Receipts Over (Under) Disbursements	<u>343,608</u>	<u>131,026</u>	<u>474,634</u>
OTHER CASH SOURCES (USES)			
Capital outlay	(5,067)		(5,067)
Principal paid on loan and lease purchase	(66,286)	(94,214)	(160,500)
Interest paid on loan and lease purchase	(4,687)	(40,648)	(45,335)
Transfers in (out) to other funds	(58,480)		(83,480)
Total Other Cash Sources and (Uses)	<u>(134,520)</u>	<u>(134,862)</u>	<u>(294,382)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ 209,088</u>	<u>(3,836)</u>	<u>180,252</u>

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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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, 2020, 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 4, 2020.

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.

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

Windham and Lacey, PLLC
December 4, 2020

Windham and Lacey, PLLC

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the City of Crystal Springs, Mississippi, as of and for the year ended September 30, 2020, and have issued our report thereon dated December 4, 2020. 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 4, 2020

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF CRYSTAL SPRINGS, MISSISSIPPI

**Schedule of Findings
For the Year Ended September 30, 2020**

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*.