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TOWN OF BLUE MOUNTAIN

FINANCIAL REPORT

BLUE MOUNTAIN, MISSISSIPPI

YEAR ENDED SEPTEMBER 30, 2009

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen  
Town of Blue Mountain  
Blue Mountain, MS 38610

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Blue Mountain, Mississippi, solely to assist the Office of the State Auditor to evaluate the Town of Blue Mountain's compliance with certain laws and regulations as of September 30, 2009, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
The Peoples Bank	General	\$ 173,329
	Water & Sewer	71,893

- B. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

The Town of Blue Mountain owned no securities held for investment at September 30, 2009.

- C. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified use of certified county assessment rolls and traced levies to governing body minutes;

2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and
4. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

- D. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Funds</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General	\$ 87,557
Fire Protection Allocation	General	3,540
Gasoline Tax	General	1,884
Homestead Exemption	General	6,719
TVA in Lieu of Taxes	General	4,810
Municipal Aid	General	349
CDBG	CDBG	545,614
MDA	General	16,066
Public Safety	General	12,168

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49 and 31-7-57, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	31
Dollar value of sample	\$ 42,637

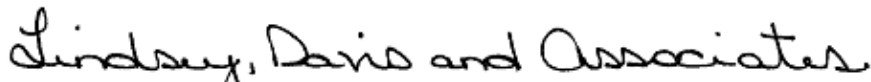
During the test of purchases, we discovered that the Town's buying authority was used in two instances. First, a MP 15 Rifle-Civilian (Serial # SM16755), Holosite AA Cell and Xmag AR15 was purchased by a Town employee through the Town's vendor for personal use. The employee paid this invoice with a cashiers check. Second, CTS PE Tubing was purchased by the same Town employee through another Town vendor for personal use. The employee once again paid for this invoice with personal funds.

We also noted that cell phones issued by the Town were being used for personal use after business hours. With the exceptions noted above, all other purchases were found to be in agreement with the requirements of the above-mentioned sections.

F. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of non compliance with state requirements.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of the Town of Blue Mountain, taken as a whole.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

  
Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
February 22, 2010

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Blue Mountain  
Blue Mountain, MS 38610

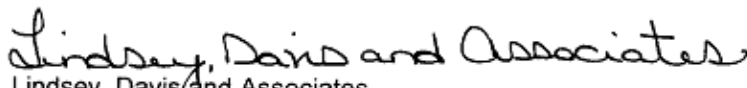
We have compiled the accompanying statement of cash receipts and disbursements (all funds)-cash basis of the Town of Blue Mountain, Mississippi, for the year ended September 30, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements (all funds)-cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements (all funds)-cash basis is not intended to present results of operations, in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 9, 10 and 11 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Blue Mountain, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

  
Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
February 22, 2010

**TOWN OF BLUE MOUNTAIN**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2009	2008
<b>REVENUE RECEIPTS</b>				
General Property Taxes	\$ 38,780		\$ 38,780	\$ 38,048
Prior Year Taxes	2,079		2,079	883
Penalties and Interest on Delinquent Taxes	589		589	636
Special Tax - Street Improvements	38,780		38,780	38,048
Privilege Taxes	575		575	988
Intergovernmental Revenues:				
State Shared Revenue:				
Sales Tax	87,557		87,557	103,230
Gasoline Tax	1,884		1,884	1,884
Fire Protection	3,540		3,540	3,470
Homestead Exemption	6,719		6,719	6,338
TVA in Lieu of Taxes	4,810		4,810	5,033
General Municipal Aid	349		349	349
County Shared Revenue:				
Road Taxes	10,798		10,798	9,963
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water Utilities		238,477	238,477	235,240
Sanitation Collection Fees		31,642	31,642	32,189
TVRHA in Lieu of Tax	5,377		5,377	4,971
Rail Car Tax				1,357
Fines	40,718		40,718	50,124
Donations	3,000		3,000	3,000
Interest	4,609	1,617	6,226	8,524
Gross Receipts Tax	2,653		2,653	1,945
Sale of Cemetery Lots	520		520	300
Miscellaneous	11,662	7,834	19,496	15,368
<b>TOTAL REVENUE RECEIPTS</b>	<u>276,499</u>	<u>279,570</u>	<u>556,069</u>	<u>573,388</u>
<b>OTHER RECEIPTS</b>				
Grant Income	122,040	355,460	477,500	172,439
Loan Proceeds	5,000	101,053	106,053	26,000
Transfers	7,936	3,905	11,841	69,817
<b>TOTAL OTHER RECEIPTS</b>	<u>134,976</u>	<u>460,418</u>	<u>595,394</u>	<u>268,256</u>
<b>TOTAL RECEIPTS</b>	411,475	739,988	1,151,463	841,644
Cash Balance - Beginning of Year	<u>247,129</u>	<u>69,994</u>	<u>317,123</u>	<u>313,712</u>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<u>\$ 658,604</u>	<u>\$ 809,982</u>	<u>\$1,468,586</u>	<u>\$ 1,155,356</u>

See Accountant's Report

TOWN OF BLUE MOUNTAIN  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2009

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2009	2008
<b>OPERATING DISBURSEMENTS</b>				
General Government	\$ 112,446		\$ 112,446	\$ 165,240
Public Safety:				
Police	70,785		70,785	65,150
Fire	8,733		8,733	9,685
Court	30,746		30,746	22,559
Highways and Streets:				
Repairs & Maintenance	34,003		34,003	17,078
Enterprise:				
Water Utilities		212,782	212,782	190,984
Sanitation		27,007	27,007	29,036
Interest on Bonds and Loans	1,664	5,939	7,603	13,627
<b>TOTAL OPERATING DISBURSEMENTS</b>	<u>258,377</u>	<u>245,728</u>	<u>504,105</u>	<u>513,359</u>
<b>OTHER DISBURSEMENTS</b>				
Bonds Retired	57,920		57,920	60,845
Principal Payments	6,500	23,937	30,437	19,500
Transfers	4,064	7,936	12,000	69,817
(Increase)/Decrease in Meter Deposits		1,175	1,175	(550)
Investment in Fixed Assets	36,542	103,853	140,395	14,823
Grant Expense (CDBG)	121,872	355,460	477,332	160,439
<b>TOTAL OTHER DISBURSEMENTS</b>	<u>226,898</u>	<u>492,361</u>	<u>719,259</u>	<u>324,874</u>
<b>TOTAL DISBURSEMENTS</b>	485,275	738,089	1,223,364	838,233
Cash Balance - End of Year	<u>173,329</u>	<u>71,893</u>	<u>245,222</u>	<u>317,123</u>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<u>\$ 658,604</u>	<u>\$ 809,982</u>	<u>\$ 1,468,586</u>	<u>\$ 1,155,356</u>

See Accountant's Report

TOWN OF BLUE MOUNTAIN  
SCHEDULE OF LONG-TERM DEBT  
 SEPTEMBER 30, 2009

	Balance Outstanding Oct. 1, 2008	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2009
		Additions	Reductions	
Street Bonds	\$ 57,920	\$	\$ 57,920	\$
Storm Shelters	6,500		6,500	
Water System	46,130		12,228	33,902
Water System - Addition	8,292		8,292	
Water and Sewer System	61,365		3,417	57,948
Water and Sewer System		101,053		101,053
Total	<u>\$ 180,207</u>	<u>\$ 101,053</u>	<u>\$ 88,357</u>	<u>\$ 192,903</u>
Assessed Valuation				<u>2,215,686</u>
Population per Latest Census				<u>670</u>

TOWN OF BLUE MOUNTAIN  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2009

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Doug Norton	Mayor	Travelers	\$ 50,000
Jo Ann Yale	Town Clerk	Travelers	50,000
Paul Wright	Court Clerk	Travelers	25,000
Tate Joshlin	Water Foreman	Travelers	25,000
Blanket Bond	Police Chief	Travelers	50,000
Blanket Bond	Policeman	Travelers	25,000
Blanket Bond	Policeman	Travelers	25,000

TOWN OF BLUE MOUNTAIN  
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS  
SEPTEMBER 30, 2009

GENERAL FUND:

Fire Protection Fund:

2.33% Certificate of Deposit, dated October 25, 2004,  
maturing on October 25, 2009 \$ 6,193

PROPRIETARY FUNDS:

Water and Sewer Revenue Fund - Required Reserves:

2.33% Certificate of Deposit, dated October 25, 2004,  
maturing on October 25, 2009 8,897

1.60% Certificate of Deposit, dated September 11, 2005,  
maturing on September 11, 2010 33,303

TOTAL INVESTMENTS \$ 48,393