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TOWN OF BLUE MOUNTAIN

FINANCIAL REPORT

BLUE MOUNTAIN, MISSISSIPPI

YEAR ENDED SEPTEMBER 30, 2010

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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, 2010, 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	\$ 173,594
	Water & Sewer	73,067

- 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, 2010.

- 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	\$ 87,084
Fire Protection Allocation	General	3,649
Gasoline Tax	General	1,884
Homestead Exemption	General	6,068
TVA in Lieu of Taxes	General	5,490
Municipal Aid	General	348
CDBG	CDBG	20,000
MDA	General	62,741
Public Safety	General	4,984

- 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:

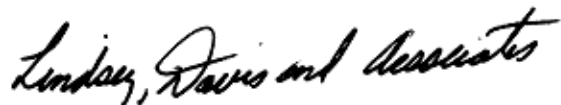
Number of sample items	50
Dollar value of sample	\$ 49,670

During the test of purchases, we discovered that four invoices were missing and not available for adequate testing. With the exception of the missing invoices, 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  
January 31, 2011

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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, 2010, 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  
January 31, 2011

**TOWN OF BLUE MOUNTAIN**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2010**

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2010	2009
<b>REVENUE RECEIPTS</b>				
General Property Taxes	\$ 42,076	\$	\$ 42,076	\$ 38,780
Prior Year Taxes	1,026		1,026	2,079
Penalties and Interest on Delinquent Taxes	464		464	589
Special Tax - Street Improvements	1,178		1,178	38,780
Privilege Taxes	502		502	575
Intergovernmental Revenues:				
State Shared Revenue:				
Sales Tax	87,084		87,084	87,557
Gasoline Tax	1,884		1,884	1,884
Fire Protection	3,649		3,649	3,540
Homestead Exemption	6,068		6,068	6,719
TVA in Lieu of Taxes	5,490		5,490	4,810
General Municipal Aid	348		348	349
County Shared Revenue:				
Road Taxes	9,333		9,333	10,798
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water Utilities		242,628	242,628	238,477
Sanitation Collection Fees		33,139	33,139	31,642
TVRHA in Lieu of Tax	3,221		3,221	5,377
Fines	42,846		42,846	40,718
Donations				3,000
Interest	3,374	1,362	4,736	6,226
Gross Receipts Tax	2,476		2,476	2,653
Sale of Cemetery Lots	650		650	520
Miscellaneous	6,444	22,261	28,705	19,496
<b>TOTAL REVENUE RECEIPTS</b>	<b>229,613</b>	<b>299,390</b>	<b>529,003</b>	<b>556,069</b>
<b>OTHER RECEIPTS</b>				
Grant Income	4,984		4,984	477,500
Loan Proceeds		20,000	20,000	106,053
Transfers	26,743		26,743	11,841
<b>TOTAL OTHER RECEIPTS</b>	<b>31,727</b>	<b>20,000</b>	<b>51,727</b>	<b>595,394</b>
<b>TOTAL RECEIPTS</b>	<b>261,340</b>	<b>319,390</b>	<b>580,730</b>	<b>1,151,463</b>
Cash Balance - Beginning of Year	173,247	71,893	245,140	317,041
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<b>\$ 434,587</b>	<b>\$ 391,283</b>	<b>\$ 825,870</b>	<b>\$ 1,468,504</b>

See Accountant's Report

TOWN OF BLUE MOUNTAIN  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS  
 YEAR ENDED SEPTEMBER 30, 2010

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2010	2009
<b>OPERATING DISBURSEMENTS</b>				
General Government	\$ 116,123	\$	\$ 116,123	\$ 112,446
Public Safety:				
Police	57,828		57,828	70,785
Fire	6,183		6,183	8,733
Court	24,257		24,257	30,746
Highways and Streets:				
Repairs & Maintenance	41,216		41,216	34,003
Enterprise:				
Water Utilities		203,337	203,337	212,782
Sanitation		25,449	25,449	27,007
Interest on Bonds and Loans	123	7,628	7,751	7,603
<b>TOTAL OPERATING DISBURSEMENTS</b>	<u>245,730</u>	<u>236,414</u>	<u>482,144</u>	<u>504,105</u>
<b>OTHER DISBURSEMENTS</b>				
Bonds Retired				57,920
Principal Payments	5,000	24,911	29,911	30,437
Transfers		26,743	26,743	12,000
(Increase)/Decrease in Meter Deposits		1,948	1,948	1,175
Investment in Fixed Assets	10,263	28,200	38,463	140,395
Grant Expense (CDBG)				477,332
<b>TOTAL OTHER DISBURSEMENTS</b>	<u>15,263</u>	<u>81,802</u>	<u>97,065</u>	<u>719,259</u>
<b>TOTAL DISBURSEMENTS</b>	260,993	318,216	579,209	1,223,364
Cash Balance - End of Year	<u>173,594</u>	<u>73,067</u>	<u>246,661</u>	<u>245,140</u>
<b>TOTAL AMOUNT TO ACCOUNT FOR</b>	<u>\$ 434,587</u>	<u>\$ 391,283</u>	<u>\$ 825,870</u>	<u>\$ 1,468,504</u>

See Accountant's Report

TOWN OF BLUE MOUNTAIN  
SCHEDULE OF LONG-TERM DEBT  
 SEPTEMBER 30, 2010

	Balance	Transactions		Balance
	Outstanding Oct. 1, 2009	During Fiscal Year		Outstanding Sept. 30, 2010
		Additions	Reductions	
Water and Sewer System	\$ 33,902	\$	\$ 12,853	\$ 21,049
Water and Sewer System	57,948		3,615	54,333
Water and Sewer System	101,053	20,000	8,443	112,610
Total	<u>\$ 192,903</u>	<u>\$ 20,000</u>	<u>\$ 24,911</u>	<u>\$ 187,992</u>

TOWN OF BLUE MOUNTAIN  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2010

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Doug Norton	Mayor	Travelers	\$ 50,000
Jamie Young	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, 2010

GENERAL FUND:

Fire Protection Fund:

2.33% Certificate of Deposit, dated October 25, 2004,  
maturing on October 25, 2010 \$ 6,294

PROPRIETARY FUNDS:

Water and Sewer Revenue Fund - Required Reserves:

2.33% Certificate of Deposit, dated October 25, 2004,  
maturing on October 25, 2010 8,897

1.60% Certificate of Deposit, dated September 11, 2005,  
maturing on September 11, 2011 33,303

TOTAL INVESTMENTS \$ 48,494