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TOWN OF BLUE MOUNTAIN

FINANCIAL REPORT

BLUE MOUNTAIN, MISSISSIPPI

YEAR ENDED SEPTEMBER 30, 2008

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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, 2008, 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	\$ 247,179
	Water & Sewer	69,994

- 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, 2008.

- 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	\$ 103,230
Fire Protection Allocation	General	3,470
Gasoline Tax	General	1,884
Homestead Exemption	General	6,338
TVA in Lieu of Taxes	General	5,033
Municipal Aid	General	349
CDBG	CDBG	135,199
MEMA	General	19,500
Historic Preservation	General	779

- 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	41
Dollar value of sample	\$ 74,595

The 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
Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
November 13, 2008

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

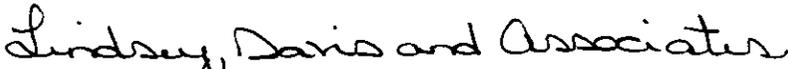
We have compiled the accompanying statement of cash receipts and disbursements (all funds)-cash basis of the Town of Blue Mountain, Mississippi, for the year ended September 30, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified 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
November 13, 2008

TOWN OF BLUE MOUNTAIN
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2008

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2008	2007
REVENUE RECEIPTS				
General Property Taxes	\$ 38,048	\$	\$ 38,048	\$ 34,798
Prior Year Taxes	883		883	525
Penalties and Interest on Delinquent Taxes	636		636	990
Special Tax - Street Improvements	38,048		38,048	34,798
Privilege Taxes	988		988	431
Intergovernmental Revenues:				
State Shared Revenue:				
Sales Tax	103,230		103,230	96,424
Gasoline Tax	1,884		1,884	1,884
Fire Protection	3,470		3,470	3,171
Homestead Exemption	6,338		6,338	5,979
TVA in Lieu of Taxes	5,033		5,033	4,486
General Municipal Aid	349		349	349
County Shared Revenue:				
Road Taxes	9,963		9,963	8,929
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water Utilities		235,240	235,240	224,034
Sanitation Collection Fees		32,189	32,189	28,646
TVRHA in Lieu of Tax	4,971		4,971	4,537
Rail Car Tax	1,357		1,357	1,251
Fines	50,124		50,124	39,151
Park Donation				
Interest	6,096	2,428	8,524	8,488
Gross Receipts Tax	1,945		1,945	1,903
Sale of Cemetery Lots	300		300	
Miscellaneous	6,186	12,232	18,418	20,723
TOTAL REVENUE RECEIPTS	<u>291,349</u>	<u>282,089</u>	<u>573,438</u>	<u>532,997</u>
OTHER RECEIPTS				
Grant Income	134,399	38,040	172,439	23,759
Loan Proceeds	26,000		26,000	
Transfers	69,246	571	69,817	60,746
TOTAL OTHER RECEIPTS	<u>229,645</u>	<u>38,611</u>	<u>268,256</u>	<u>84,505</u>
TOTAL RECEIPTS	520,994	320,700	841,694	617,502
Cash Balance - Beginning of Year	<u>247,365</u>	<u>66,347</u>	<u>313,712</u>	<u>372,603</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 768,359</u>	<u>\$ 387,047</u>	<u>\$1,155,406</u>	<u>\$ 990,105</u>

See Accountant's Report

TOWN OF BLUE MOUNTAIN
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2008

	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2008	2007
OPERATING DISBURSEMENTS				
General Government	\$ 165,240	\$	\$ 165,240	\$ 128,521
Public Safety:				
Police	80,088		80,088	73,398
Fire	9,685		9,685	12,991
Court	7,621		7,621	7,228
Highways and Streets:				
Repairs & Maintenance	17,078		17,078	31,044
Enterprise:				
Water Utilities		190,984	190,984	136,435
Sanitation		29,036	29,036	26,460
Interest on Bonds and Loans	6,580	7,047	13,627	13,982
TOTAL OPERATING DISBURSEMENTS	<u>286,292</u>	<u>227,067</u>	<u>513,359</u>	<u>430,059</u>
OTHER DISBURSEMENTS:				
Bonds Retired	42,080	18,765	60,845	62,710
Principal Payments	19,500		19,500	
Transfers	38,909	30,908	69,817	60,746
(Increase)/Decrease in Meter Deposits		(550)	(550)	(1,500)
Investment in Fixed Assets	12,000	2,823	14,823	102,298
Grant Expense (CDBG)	122,399	38,040	160,439	22,080
TOTAL OTHER DISBURSEMENTS	<u>234,888</u>	<u>89,986</u>	<u>324,874</u>	<u>246,334</u>
TOTAL DISBURSEMENTS	521,180	317,053	838,233	676,393
Cash Balance - End of Year	<u>247,179</u>	<u>69,994</u>	<u>317,173</u>	<u>313,712</u>
TOTAL AMOUNT TO ACCOUNT FOR	<u>\$ 768,359</u>	<u>\$ 387,047</u>	<u>\$ 1,155,406</u>	<u>\$ 990,105</u>

See Accountant's Report

TOWN OF BLUE MOUNTAIN
SCHEDULE OF LONG-TERM DEBT
 SEPTEMBER 30, 2008

	Balance Outstanding Oct. 1, 2007	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2008
		<u>Additions</u>	<u>Reductions</u>	
Street Bonds	\$ 100,000	\$	\$ 42,080	\$ 57,920
Storm Shelters		26,000	19,500	6,500
Water System	57,763		11,633	46,130
Water System - Addition	12,194		3,902	8,292
Water and Sewer System	64,596		3,231	61,365
Total	<u>\$ 234,553</u>	<u>\$ 26,000</u>	<u>\$ 80,346</u>	<u>\$ 180,207</u>
Assessed Valuation				<u>2,343,978</u>
Population per Latest Census				<u>670</u>

TOWN OF BLUE MOUNTAIN
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2008

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Edward Burge	Mayor	USF&G	\$ 50,000
Jo Ann Yale	Town Clerk	USF&G	50,000
Paul Wright	Court Clerk	USF&G	25,000
Tate Joshlin	Water Foreman	USF&G	25,000
Mac Lowrey	Police Officer	USF&G	25,000
William Bowlin	Police Officer	USF&G	25,000
Berkley Downs	Police Officer	USF&G	25,000
Louis Zemek	Police Officer	USF&G	25,000

TOWN OF BLUE MOUNTAIN
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
SEPTEMBER 30, 2008

GENERAL FUND:

Fire Protection Fund:

3.97% Certificate of Deposit, dated October 25, 2004,
maturing on October 25, 2008 \$ 6,026

PROPRIETARY FUNDS:

Water and Sewer Revenue Fund - Required Reserves:

3.97% Certificate of Deposit, dated October 25, 2004,
maturing on October 25, 2008 8,897

2.33% Certificate of Deposit, dated September 11, 2005,
maturing on September 11, 2009 33,303

TOTAL INVESTMENTS \$ 48,226