

City of Junction City, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF JUNCTION CITY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial and Compliance Report

Schedule

Schedule of Financial Information (Unaudited)

1

Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)

2

Other Information (Unaudited)

3

Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Junction City, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Junction City, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated October 18, 2018. These procedures were not performed for the Water and Sewer Systems. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2017:

Mayor: Allen Simmons
Recorder/Treasurer: Gail Sehon
Police Chief: Russell Lamb

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our procedures indicated that the offices of **Recorder/Treasurer** and **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

Mayor

General and Street Fund disbursements exceeded budgeted appropriations by \$97,825 and \$148,433, respectively, in noncompliance with Ark. Code Ann. § 14-58-203.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Roger A. Norman in cursive.

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
October 18, 2018
LOM209717

CITY OF JUNCTION CITY, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Firemen's Pension Trust Fund
Cash Balance, January 1, 2017	\$ 966,054	\$ 441,104	\$ 4,971
Receipts:			
State aid	9,215	58,217	
Property taxes	18,925	6,167	1,656
Franchise fees	19,088		
Sales taxes	292,058		
Fines, forfeitures, and costs	4,687		
Interest	2,376	729	6
Ambulance fees		2,185	
Other	9,150		
Transfers in		74,089	
Total Receipts	<u>355,499</u>	<u>141,387</u>	<u>1,662</u>
Disbursements:			
General government	86,919		
Law enforcement	82,653		
Highways and streets		296,099	
Public safety	4,607	55,690	
Sanitation	49,727		
Recreation and culture	20,536		
Health		3,184	
Street	34,834		
Water	122,419		
Transfers out	74,089		
Total Disbursements	<u>475,784</u>	<u>354,973</u>	
Cash Balance, December 31, 2017	<u>\$ 845,769</u>	<u>\$ 227,518</u>	<u>\$ 6,633</u>

CITY OF JUNCTION CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training (ACT 833)	Local Police and Fire Retirement	Ambulance	Rural Community Grant (Fun Park)	Total
Cash Balance, January 1, 2017	\$ 287,901	\$ 69,322	\$ 76,223	\$ 6,197	\$ 1,461	\$ 441,104
Receipts:						
State aid	39,968	18,249				58,217
Property taxes	6,167					6,167
Interest	292		408	27	2	729
Ambulance fees				2,185		2,185
Transfers in	74,089					74,089
Total Receipts	<u>120,516</u>	<u>18,249</u>	<u>408</u>	<u>2,212</u>	<u>2</u>	<u>141,387</u>
Disbursements:						
Highways and streets	296,099					296,099
Public safety		55,690				55,690
Health				3,184		3,184
Total Disbursements	<u>296,099</u>	<u>55,690</u>		<u>3,184</u>		<u>354,973</u>
Cash Balance, December 31, 2017	<u>\$ 112,318</u>	<u>\$ 31,881</u>	<u>\$ 76,631</u>	<u>\$ 5,225</u>	<u>\$ 1,463</u>	<u>\$ 227,518</u>

CITY OF JUNCTION CITY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.
2. The Municipality's capital assets records are summarized below:

	<u>December 31,</u> <u>2017</u>
Land	\$ 56,458
Buildings	87,831
Equipment	<u>672,513</u>
Total	<u>\$ 816,802</u>