

TOWN OF JUNCTION CITY
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

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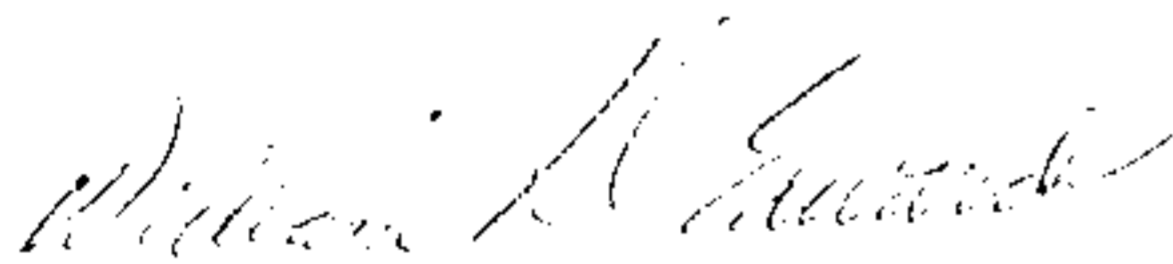
WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

The Honorable Preston Rogers, Mayor
and the Members of the Boards of Aldermen of
Town of Junction City, Louisiana

I have compiled the accompanying general purpose financial statements of the Town of Junction City, Louisiana for the year ended June 30, 1996, 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 of Town of Junction City, Louisiana. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



William D. Edwards, C.P.A.
December 11, 1996

TOWN OF JUNCTION CITY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	FIXED ASSETS GROUP	MEMORANDUM TOTALS
ASSETS				
Unrestricted Assets:				
Cash and Cash Equivalents	\$ 105,944	\$ 8,675		\$ 114,619
Accounts Receivable		8,147		8,147
Plant, Property and Equipment		566,947	149,151	716,098
Accumulated Depreciation		(157,539)		(157,539)
Total Unrestricted Assets	105,944	426,230	149,151	681,325
Restricted Assets:				
Cash In Bank-Customer Deposits		12,462		12,462
Cash In Bank-Debt Service		21,024		21,024
Total Restricted Assets		33,486		33,486
TOTAL ASSETS	105,944	459,716	149,151	714,811
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable & Taxes Payable	843	2,098		2,941
Current Notes Payable		7,000		7,000
Long Term Notes Payable		151,000		151,000
Interest Payable On Notes		4,221		4,221
Customer Deposits		7,520		7,520
Total Liabilities	843	171,839		172,682
Fund Equity:				
Contributed Capital-Grants		317,636		317,636
Contributed Capital-Other Funds		27,687		27,687
Investment in General Fixed Assets			149,151	149,151
Retained Earnings		21,024		21,024
Reserved for Dept Retirements		(78,470)		(78,470)
Unreserved				
Fund Balance				
Unreserved-Undesignated	105,101			105,101
Total Fund Equity	105,101	287,877	149,151	542,129
TOTAL LIAB. AND FUND EQUITY	105,944	459,716	149,151	714,811

See accompanying notes and accountants' report.

TOWN OF JUNCTION CITY, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 1996

	GENERAL	SPECIAL REVENUE	TOTAL
REVENUES			
Occupational License	\$ 3,547		\$ 3,547
Sales Tax	24,602		24,602
Franchise Fees	10,629		10,629
Property Taxes	6,216		6,216
Tobacco Tax	4,050		4,050
Fines and Forfeitures	6,687		6,687
Special Revenue		522	522
Other Revenue	2,130		2,130
Interest Income	3,371		3,371
Total Revenue	<u>61,232</u>	<u>522</u>	<u>61,754</u>
EXPENDITURES			
General Government	16,368		16,368
Public Safety-Police	17,839		17,839
Public Safety-Fire	285		285
Operations and Maint.	9,196		9,196
Total Expenditures	<u>43,688</u>		<u>43,688</u>
OTHER FINANCING SERVICES (USES)			
Operating Transfers In			
Operating Transfers Out	(2,187)	(522)	(2,709)
Total Other Financing Services	<u>(2,187)</u>	<u>(522)</u>	<u>(2,709)</u>
Excess of Revenues over Expenditures	15,357		15,357
Fund Balance at Beginning of Year	89,744		89,744
FUND BALANCE AT END OF YEAR	<u>105,101</u>	<u>-0-</u>	<u>105,101</u>

See accompanying notes and accountants' report.

TOWN OF JUNCTION CITY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN ACCUMULATED DEFICIT
 PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1996

		ACTUAL
OPERATING REVENUES		
Water and Sewer Fees		<u>73,282</u>
Total Operating Revenue		73,282
OPERATING EXPENSES		
Salaries and Related Benefits	9,060	
Office Expense	1,568	
Repairs and maintenance	5,071	
Mowing	1,950	
Insurance	4,404	
Lab Work	2,185	
Collection Services	3,421	
Depreciation	19,103	
Utilities	7,500	
Supplies	10,276	
Council Per Diem	600	
Town Clerk	<u>1,800</u>	
Total Operating Expenses		66,938
OPERATING INCOME:		<u>6,344</u>
NONOPERATING REVENUE (EXPENSES)		
Interest Expense	(8,063)	
Interest Income	254	
Total Nonoperating Revenue (Expenses)		(7,809)
NET INCOME (LOSS)		<u>(1,465)</u>
BEGINNING DEFICIT IN RETAINED EARNINGS		<u>(55,981)</u>
ENDING DEFICIT IN ACCUMULATED EARNINGS		<u><u>(\$ 57,446)</u></u>

See accompanying notes and accountants' report.

TOWN OF JUNCTION CITY, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Income from Operations	\$ 5,893	
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	19,103	
Decrease in Accounts Receivable	450	
Decrease in Accounts Payable	(555)	
Increase in Sales	92	
	<u> </u>	
Net Cash Provided by Operations		\$ 24,983

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	254	
Interest Payments	(8,250)	
Principle Payments - Notes Payable	(7,000)	
	<u> </u>	
Net Cash From Investing Activities		<u>(14,996)</u>
NET INCREASE IN CASH		9,987
CASH AT BEGINNING OF YEAR		<u>32,174</u>
CASH AT END OF YEAR		<u><u>42,161</u></u>

CURRENT ASSETS		
Cash - Unrestricted		8,675
Cash - Restricted		<u>33,486</u>
Total Current Assets		<u><u>\$ 42,161</u></u>

Interest paid - cash basis \$8250
 Taxes paid - cash basis \$2856

See accompanying notes and accountants' report.

TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Junction City, Louisiana conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority to issue dept, election or appointment of governing body, and other general oversight responsibility.

A. FUND ACCOUNTING

The accounts of the Town of Junction City, Louisiana is organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and on broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - the General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is the operating fund for specific monies received for specific purposes.

PROPRIETARY FUND

Enterprise Fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned,

TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

ACCOUNT GROUP

Fixed Assets Account Group - The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statement present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and used of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. A public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

General Long Term Debt - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities expected to be financed from Enterprise Fund operations are accounted for in those Enterprise Funds. At June 30, 1996, the Town had no General Long-Term Debt.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated

TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. As exception to this general rule is principle and interest on long-term debt is recognized when due.

C. BUDGETS AND BUDGETARY ACCOUNTING

The Town did not adopt a formal budget for the fiscal year ended June 30, 1996. As a result, budget to actual data is not included in these financial statements.

D. ADVANCES TO OTHER FUNDS

Amounts shown as "advances" to other funds are not expected to be available or spendable during the next accounting cycle. However, amounts designated as "due from other funds" are considered "available spendable resources."

E. FIXED ASSETS-PROPRIETARY FUND

Depreciation of all exhaustible fixed assets used by the proprietary funds are charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful life using the straight-line method over the estimated useful lives of 5-40 years.

F. ACCUMULATED UNPAID VACATION, SICK PAY AND OTHER EMPLOYEE BENEFITS AND PENSION AMOUNT.

Accumulated vacation, sick pay and other employee benefits and pensions are not material and are therefore not accrued.

G. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF JUNCTION CITY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1996

NOTE 2 - CASH AND CASH EQUIVALENTS

The Town's cash accounts at June 30, 1996 are categorized below to give an indication of the level of risk assumed by the Town at year end. Category 1 includes cash that is insured. Category 2 includes uninsured and unregistered cash and investments, with securities held by the counter party's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent but not in the Town's name. In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name although balances so collateralized meet the requirements of state law.

	-----Category-----			Bank Balance	Market Value
	1	2	3		
Cash in bank	\$100,000	48,105		148,105	148,105

NOTE 3 - AD VALOREM TAXES

The Town considers ad valorem taxes receivable at October 31 and recognizes income in the year of assessment.

For the year ended June 30, 1996, taxes of 5.13 mills were levied on property with assessed valuations totaling \$596,520 and were dedicated entirely for general purposes.

Total taxes originally levied were \$3,829, of which \$2,271 was assessed on residential property and \$1,558 was assessed on commercial property for general purposes.

Property Tax Calendar

Assessment Date	June 30, 1995
Levy Date	October 31, 1995
Tax Bills Mailed	October 15, 1995
Date Taxes Are Due	December 31, 1995
Penalties and Interest Are Added	December 31, 1995
Lien Date	January 15, 1996
Anticipated Tax Sale-1991 Delinquent Taxes	February 25, 1996

Assessed values are established by either Claiborn or Union Parish Tax assessor each year.

TOWN OF JUNCTION CITY, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1996

NOTE 4 - FIXED ASSETS

A summary of changes to fixed assets for the year ended June 30, 1996 is as follows:

General Fixed Asset Account Group

	Balance 6/30/95	Additions	Deletions	Balance 6/30/96
	-----	-----	-----	-----
Land	\$30,000			\$30,000
Buildings and Improvements	49,598			49,598
Vehicles	35,479			35,479
Furniture and Equipment	<u>34,074</u>			<u>34,074</u>
Total	<u>149,151</u>	<u>-0-</u>	<u>-0-</u>	<u>149,151</u>

Proprietary Fund

	Balance 6/30/96	Additions	Deletions	Balance 6/30/96
	-----	-----	-----	-----
Land	\$ 1,400			\$ 1,400
Water and Sewer System	203,319			203,319
Equipment	16,904			16,904
Work in Progress	<u>345,323</u>			<u>345,323</u>
	566,946	-0-	-0-	566,946
Accumulated Depreciation	<u>(138,436)</u>	<u>(19,103)</u>		<u>(157,539)</u>
Net Fixed Assets	<u>428,510</u>	<u>19,103</u>	<u>-0-</u>	<u>409,407</u>

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Management of Town of Junction City;

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Town of Junction City, Louisiana, solely to assist the users in evaluating management's assertions about the Town of Junction City's compliance with certain laws and regulations during the year ending June 30, 1996 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of the report. Consequently, I 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure was made during the year for materials and supplies exceeding \$5,000 and no expenditure was made for public works exceeding \$50,000. I examined documentation which indicated that all of this expenditure has been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

There was no budget prepared for the General Fund and the budget for the Enterprise Fund was not noted in the Board Minutes.

6. Trace the budget adoption and amendments to the minute book.

As noted in 5 above, there was no budget approved.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenue or expenditures exceed budgeted amounts by more than 5%.

I did not compare the revenues and expenditures of the final budget to get actual revenues and expenditures, because as noted in 5 above, no budget was approved.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
 - a) trace payments to supporting documentation a to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements were traced to the district's minute book where they were approved by the full commission.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Town of Junction City is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicated payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Junction City and the Legislative Auditor, State of Louisiana, 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.

A handwritten signature in cursive script, appearing to read "William D. Edwards".

William D. Edwards, CPA
December 11, 1996

2395

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FILE COPY

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(Xerox necessary
copies from this
copy and PLACE
BACK In FILE)

TOWN OF JUNCTION CITY
COMPILATION REPORT
JUNE 30, 1996

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 12 1997