

TOWN OF JUNCTION CITY
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of IACPA

The Honorable Preston Rogers, Mayor
and the Members of the Board 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, 1997, 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 of them.



William D. Edwards, C.P.A.
November 8, 1997

TOWN OF JUNCTION CITY, LOUISIANA

COMBINES BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

	Governmental Fund Types	Proprietary Fund Type	Fund Assets Group	Memorandum Totals
ASSETS				
Unrestricted Assets:				
Cash and Cash Equivalent	\$ 108881	\$ 8899	\$	\$ 118880
Accounts Receivable		6803		6803
Plant, Property, Equipment		146947	146819	113766
Accumulated Depreciation		(176642)		(176642)
Total Unrestricted Assets	108881	49107	146819	652912
Restricted Assets:				
Cash in Bank-Customer Deposits		8255		8255
Cash in Bank-Debt Service		41547		41547
Total Restricted Assets		49802		49802
TOTAL ASSETS	108881	495808	146819	712914
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable/Taxes Payable	1889	1652		2541
Current Notes Payable		7938		7938
Long Term Notes Payable		144808		144808
Interest Payable on Notes		4232		4232
Customer Deposits		8255		8255
Total Liabilities	1889	162125		162128
Fund Equity:				
Contributed Capital-Grants		317636		317636
Contributed Capital-Other Funds		27687		27687
Investment in General Fund Assets			146819	146819
Retained Earnings:				
Reserved for Dept. Reservations		41547		41547
Unreserved		(31699)		(31699)
Fund Balance	108886			108886
Total Fund Equity	108886	296521	146819	546296
TOTAL LIAB. AND FUND EQUITY	\$ 108881	\$ 495808	\$ 146819	\$ 712914

See accompanying notes and accountants' report

TOWN OF JUNCTION CITY, LOUISIANA

**STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	General	Special Revenue	Total
REVENUES			
Occupational License	\$ 3,000	\$	\$ 3,000
Sales Tax	25,427		25,427
Franchise Fees	10818		10818
Property Taxes	4,534		4,534
Tobacco Tax	4,000		4,000
Fines and Forfeitures	13,684		13,684
Special Revenue		1,992	1,992
Other Revenue	500		500
Interest Income	3,573		3,573
Total Revenue	<u>62,996</u>	<u>1,992</u>	<u>64,988</u>
EXPENDITURES			
General Government	8952		8952
Public Safety-Police	25,458		25,458
Public Safety-Fire	15,762		15,762
Operations and Maintenance	13,608		13,608
Total Expenditures	<u>63,780</u>		<u>63,780</u>
OTHER FINANCING SERVICES (USES)			
Operating Transfers in	3,892		3,892
Operating Transfers out		(1,892)	(1,892)
Total Other Financing Services	<u>3,892</u>	<u>(1,892)</u>	<u>1,100</u>
Excess of Revenues over Expenditures	3,766		3,766
Fund Balance at Beginning of Year	105,181		105,181
FUND BALANCE AT END OF YEAR	<u>108,947</u>	<u>0</u>	<u>108,947</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, 1997

		ACTUAL
OPERATING REVENUES		
Water and Sewer Fees		66077
Total Operating Revenue		<u>66077</u>
OPERATING EXPENSES		
Salaries and Related Benefits	8700	
Office Expense	1249	
Repairs and Maintenance	7781	
Moving	2088	
Insurance	4069	
Lab Work	2256	
Collection Services	7732	
Depreciation	19103	
Utilities	8371	
Supplies	5110	
Council Pay Item	600	
Town Clerk	4800	
Total Operating Expense	<u>68415</u>	68415
OPERATING LOSS		<u>(2338)</u>
NONOPERATING REVENUE (LOSS)		
Interest Expense	17900	
Interest Income	1579	
Total Nonoperating Revenue (Expense)	<u>(16121)</u>	(16121)
NET INCOME (LOSS)		<u>(18459)</u>
BEGINNING DEFICIT IN RETAINED EARNINGS		(57464)
PRIOR PERIOD ADJUSTMENT		1210
ENDING DEFICIT IN ACCUMULATED EARNINGS		<u>\$ (74813)</u>

TOWN OF JUNCTION CITY, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Loss from Operations \$ (211)

Adjustments to Reconcile Operating Loss
 to Net Cash Provided by Operating Activities:

Depreciation 1515
 Decrease in Accounts Receivable 1248
 Decrease in Accounts Payable (437)
 Decrease in Sales Tax Payable (9)
 Increase in Customer Deposits 735

Net Cash Provided by Operations \$ 3781

CASH FLOWS FROM FINANCING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income 1379
 Interest Payments (708)
 Principle Payments-Notes Payable (208)

Net Cash From Investing Activities (331)

NET INCREASE IN CASH 4287

CASH AT BEGINNING OF YEAR 42161

PRIOR PERIOD ADJUSTMENT 12134

CASH AT END OF YEAR 58592

CURRENT ASSETS

Cash - Unrestricted 6598

Cash - Restricted 49602

Total Current Assets 56200

Interest Paid - Cash Basis 2790

Taxes Paid - Cash Basis 5250

See accompanying notes and accountants' report

TOWNS OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 1997

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Towns of Junction City, Louisiana conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conforms to the requirements of Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audit 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 Towns 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 debt, election or appointment of governing body, and other general oversight responsibility.

A. FUND ACCOUNTING

The accounts of the Towns 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 comprise 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 Towns. 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

**TOWNS OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

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 balances (net current assets) is considered a measure of "a available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing) used in net current assets. Accordingly, they are said to present a summary of sources and uses 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 Accounts 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. Depreciated fixed assets are stated at their estimated fair value on the date claimed.

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, 1997, the Town had no General Long-Term Debt.

II. 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 refers to the timing of the measurement 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 refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their liability occurs certain.

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

**TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 1997**

C. BUDGETS AND BUDGETARY ACCOUNTING

The Town did not adopt a formal budget for the fiscal year ended June 30, 1997. 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 depreciable 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 3-40 years.

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

Accumulated vacation, sick pay and other employee benefits and provisions 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.

NOTE 1 - CASH AND CASH EQUIVALENTS

The Town's cash accounts at June 30, 1997 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.

**TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 1997**

	Category			Bank Balance	Market Value
	1	2	3		
Cash on Hand	\$ 100,808	68,487		169,295	

NOTE 1 - 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, 1997, taxes of 5.13 mills were levied on property with assessed valuations totaling \$98,548 and were dedicated entirely for general purposes.

Total taxes originally levied were 4.87%, of which 3.76% was assessed on residential property and 1.1% was assessed on commercial property for general purposes.

	Property Tax Calendar
Assessment Date	June 30, 1996
Levy Date	October 31, 1996
Tax Bills Mailed	October 23, 1996
State Taxes are Due	December 31, 1996
Penalties and Interest are Added	December 31, 1996
Late Date	January 15, 1997
Anticipated Tax Sale-0491 Delinquent Taxes	February 25, 1997

Assessed values are established by either Claiborne or Union Parish Tax assessors each year.

**TIBON OUF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

NOTE 4 - FIXED ASSETS

A summary of changes to fixed assets for the year ended June 30, 1997 is as follows:

General Fixed Asset Account Group

	Balance 6/30/96	Additions	Deletions	Balance 6/30/97
Land	\$38,000	-----	-----	\$38,000
Buildings and Improvements	49,598			49,598
Vehicles	35,479		(2992)	32,487
Furniture and Equipment	34,074			34,074
Total	<u>157,151</u>	<u>-0-</u>	<u>(2992)</u>	<u>154,159</u>

Proprietary Fund

	Balance 6/30/96	Additions	Deletions	Balance 6/30/97
Land	\$ 1,400	-----	-----	\$ 1,400
Water and Sewer Systems	548,643			548,643
Equipment	36,594			36,594
	<u>586,637</u>	<u>-0-</u>	<u>-0-</u>	<u>586,637</u>
Accumulated Depreciation	(157,549)	(18,100)		(175,649)
Net Fixed Assets	<u>429,088</u>	<u>(18,100)</u>	<u>-0-</u>	<u>410,988</u>

The deletion from the General Fixed Assets Account Group was the result of the sale of a vehicle for \$1,000, after that vehicle was transferred to the General Fund.

**TOWN OF JUNCTION CITY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

NOTE 5 - LONG TERM DEBT - PROPRIETARY FUND

The following is a summary of long-term debt transactions for the Town for the year ended June 30, 1997:

Notes Payable, July 1, 1996	\$158,000
Principal Payments	(7,000)
	\$151,000
Notes Payable, July 1, 1997	\$151,000

Notes payable at June 30, 1996, consists of five notes payable to the U.S. Department of Agriculture - Farmers Home Administration. The basic data on the notes is summarized below:

Loan #	1376071	5.00%	
			\$151,000
			Total \$151,000

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables at year end.

NOTE 7 - PENSIONS AND RETIREMENT PLAN

The Town of Junction City, Louisiana does not participate in any pension programs for its employees.

NOTE 8 - ENTERPRISE FUNDS DEFICIT

The deficit in the Proprietary Fund retained earnings - unreserved is created mainly by depreciation. The deficits are expected to be removed by subsequent years revenues.

Note 9 - Prior Period Adjustment

The prior period adjustment represents the record of a bank account inadvertently left off of the books in a prior year. The funds were accounted for in internal reports but not awarded on the prior year's financial statements.

NOTE 10 - PER DIEM PAYMENTS TO MAYOR AND ALDERMEN

Mr. Preston Rogers	Mayor	\$2180
Mr. Mike Griffin	Alderman	\$ 680
Mr. Ronnie Daniels	Alderman	\$ 680
Mr. Arnold Jones	Alderman	\$ 680
		Total \$3600

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs

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, 1997 included in the accompanying *Louisiana Association of Governments*. 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 49:1211-1214 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$5,000 and no expenditures were made for public works exceeding \$50,000.

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 42:1103-1124 (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 (2) were also included on the listing obtained from management in agreed-upon procedure (1) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure (2)) appeared on the list provided by management in agreed-upon procedure (1).

Budgeting

5. Obtain 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 revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

I did not compare the revenues and expenditures of the final budget to 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 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 RSA-RS 42:1 through 42:33 (the open meeting 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 bank 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 Advances

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, 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 indicate 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 takes responsibility for the sufficiency of the procedures for their purposes. However, this is a matter of public record and its distribution is not limited.



William D. Edwards, CPA
November 8, 1997