

City of Star City, Arkansas

Financial and Compliance Report

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF STAR CITY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2020

Financial and Compliance Report

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Star 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 Star City, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated April 28, 2022. These procedures were not performed for the Water and Sewer Department. Management of the City of Star City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2020:

Mayor: Paul Carter
Recorder/Treasurer: Alicia Hawkins
District Court Clerk – City Division: Ashley Hunter
District Court Clerk – County Division: Tammy Smith
Police Chief: Cody Drake

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local 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

A handwritten signature in black ink that reads "Roger A. Norman".

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

Little Rock, Arkansas
April 28, 2022
LOM217520

CITY OF STAR CITY, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Debt Service - Sales and Use Tax Refunding and Improvement Bonds	Capital Projects Funds
Cash Balance, January 1, 2020	\$ 34,379	\$ 482,035	\$ 311,500	\$ 27
Receipts:				
State aid	33,761	259,357		20,143
Federal aid	90,091			4,000
Property taxes	45,262	56,542		
Franchise fees	111,654			
Sales taxes	655,149		497,964	
Fines, forfeitures, and costs	20,062	14,710		
Interest	116	1,261	1,165	
Local permits and fees	20,948	8,639		
Airport hangar rent		3,000		
Civic center rent	6,596			
Tower rent	4,800			
Contributions from water department	50,929			
Other	24,057	8,282		
Transfers in	188,724	117,888		8,370
Total Receipts	1,252,149	469,679	499,129	32,513
Disbursements:				
General government	482,654		480	
Law enforcement	375,280	42,031		
Highways and streets	972	282,088		
Public safety	20,440	50,884		12,370
Recreation and culture	93,228			10,642
Social services	6,311			
Airport		9,606		
Debt service	77,403	36,133	543,036	9,456
Transfers out	117,888	8,370	188,724	
Total Disbursements	1,174,176	429,112	732,240	32,468
Cash Balance, December 31, 2020	\$ 112,352	\$ 522,602	\$ 78,389	\$ 72

CITY OF STAR CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 2

	Street	District Court Cost	Local Police and Fire Retirement LOPFI	Local Police and Fire Retirement LOPFI - Fire	Emergency Vehicle (Special Police)	Fire Equipment and Training (Act 833)	District Court Automation
Cash Balance, January 1, 2020	\$ 66,355	\$ 10,870	\$ 224,482	\$ 39,132	\$ 222	\$ 69,939	\$ 14,388
Receipts:							
State aid	188,928					38,078	
Property taxes	33,941			22,601			
Fines, forfeitures, and costs		2,282	2,693		3,660		855
Interest	190	21	706	13		252	
Local permits and fees							
Airport hangar rent							
Other	3,290						
Transfers in	117,888						
Total Receipts	<u>344,237</u>	<u>2,303</u>	<u>3,399</u>	<u>22,614</u>	<u>3,660</u>	<u>38,330</u>	<u>855</u>
Disbursements:							
Law enforcement		4,754	29,858		1,893		4,697
Highways and streets	282,088						
Public safety				14,635		16,965	
Airport							
Debt service					1,709		
Transfers out	8,370						
Total Disbursements	<u>290,458</u>	<u>4,754</u>	<u>29,858</u>	<u>14,635</u>	<u>3,602</u>	<u>16,965</u>	<u>4,697</u>
Cash Balance, December 31, 2020	<u>\$ 120,134</u>	<u>\$ 8,419</u>	<u>\$ 198,023</u>	<u>\$ 47,111</u>	<u>\$ 280</u>	<u>\$ 91,304</u>	<u>\$ 10,546</u>

CITY OF STAR CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 2

	Computer	Airport Commission	Prisoner Care	Fire District Dues	Total
Cash Balance, January 1, 2020	\$ 36,695	\$ 6,321	\$ 96	\$ 13,535	\$ 482,035
Receipts:					
State aid		32,351			259,357
Property taxes					56,542
Fines, forfeitures, and costs	4,710		510		14,710
Interest	79				1,261
Local permits and fees				8,639	8,639
Airport hangar rent		3,000			3,000
Other		4,992			8,282
Transfers in					117,888
Total Receipts	<u>4,789</u>	<u>40,343</u>	<u>510</u>	<u>8,639</u>	<u>469,679</u>
Disbursements:					
Law enforcement	379		450		42,031
Highways and streets					282,088
Public safety				19,284	50,884
Airport		9,606			9,606
Debt service		34,424			36,133
Transfers out					8,370
Total Disbursements	<u>379</u>	<u>44,030</u>	<u>450</u>	<u>19,284</u>	<u>429,112</u>
Cash Balance, December 31, 2020	<u>\$ 41,105</u>	<u>\$ 2,634</u>	<u>\$ 156</u>	<u>\$ 2,890</u>	<u>\$ 522,602</u>

CITY OF STAR CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 3

	Arkansas Economic Development Rural Community Grant Civic Center	Arkansas Parks and Tourism Grant	USDA Community Facilities Grant	Total
Cash Balance, January 1, 2020		\$ 27		\$ 27
Receipts:				
State aid	\$ 7,072	13,071		20,143
Federal aid			\$ 4,000	4,000
Transfers in			8,370	8,370
Total Receipts	<u>7,072</u>	<u>13,071</u>	<u>12,370</u>	<u>32,513</u>
Disbursements:				
Public safety			12,370	12,370
Recreation and culture	7,000	3,642		10,642
Debt service		9,456		9,456
Total Disbursements	<u>7,000</u>	<u>13,098</u>	<u>12,370</u>	<u>32,468</u>
Cash Balance, December 31, 2020	<u>\$ 72</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 72</u>

CITY OF STAR CITY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 4

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General Fund, General Reserve, Fire Call, One Fourth Cent Sales Tax, Civic Center,
Sports Complex, Therapeutic Pool, and Property Disposal

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2020
District Court - Small Claims	\$ 523
District Court - Bond and Fine (City)	5,748
District Court - Partial Pay	995
District Court - Bond and Fine (County)	21,847

These balances represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

4. The Municipality's capital assets records are summarized below:

	December 31, 2020
Land and Buildings	\$ 1,919,204
Equipment	921,135
Total	<u>\$ 2,840,339</u>

5. The City received federal funding in the following amounts related to COVID-19 relief:

	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)	<u>\$ 90,091</u>