

City of Star City, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF STAR CITY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, and have issued our report thereon dated December 15, 2023. These procedures were not performed for the Water and Sewer Department. Management of the 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 2022:

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

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

Little Rock, Arkansas
December 15, 2023
LOM217522

CITY OF STAR CITY, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Fund (AEDC Rural Services Grant)
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 271,535	\$ 656,986	
Receipts:			
State aid	59,330	353,286	\$ 12,990
Federal aid	3,000	210,287	
Property taxes	50,983	64,458	
Franchise fees	137,444		
Sales taxes	895,827	314	
Fines, forfeitures, and costs	20,324	14,248	
Interest	827	1,597	
Local permits and fees	24,453	14,095	
Airport hangar rental		6,150	
Airport fuel		10,576	
Civic center rental	13,065		
Tower rent	4,880		
Contribution from water department	59,454		
Other	53,609	8,369	
Transfers in	20	149,235	12,990
Total Receipts	<u>1,323,216</u>	<u>832,615</u>	<u>25,980</u>
Disbursements:			
General government	622,906	225,608	
Law enforcement	467,304	37,589	
Highways and streets	2,717	303,154	
Public safety	19,964	48,545	
Recreation and culture	93,225		25,980
Social services	8,978		
Airport	188	17,430	
Debt service		6,122	
Transfers out	162,225	20	
Contribution to water department	235		
Unclassified	377		
Total Disbursements	<u>1,378,119</u>	<u>638,468</u>	<u>25,980</u>
Cash Balance, December 31, 2022	<u>\$ 216,632</u>	<u>\$ 851,133</u>	<u>\$ 0</u>

CITY OF STAR CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 2

	Street	District Court Cost	Local Police and Fire Retirement (LOPFI) - Police	Local Police and Fire Retirement (LOPFI) - Fire	Emergency Vehicle (Special Police)	Fire Equipment and Training (Act 833)	District Court Automation
Cash Balance, January 1, 2022	\$ 214,666	\$ 8,213	\$ 171,968	\$ 47,029	\$ 304	\$ 67,292	\$ 5,981
Receipts:							
State aid	333,330					19,956	
Federal aid							
Property taxes	38,186			25,452			
Sales taxes							
Fines, forfeitures, and costs		2,552	2,693		2,875		805
Interest	538	14	547	9		247	
Local permits and fees							
Airport hangar rental							
Airport fuel							
Other	2,565						
Transfers in	149,235						
Total Receipts	<u>523,854</u>	<u>2,566</u>	<u>3,240</u>	<u>25,461</u>	<u>2,875</u>	<u>20,203</u>	<u>805</u>
Disbursements:							
General government							
Law enforcement		2,219	27,916		3,167		3,567
Highways and streets	303,154						
Public safety				23,005		14,046	
Airport							
Debt service	6,122						
Transfers out	20						
Total Disbursements	<u>309,296</u>	<u>2,219</u>	<u>27,916</u>	<u>23,005</u>	<u>3,167</u>	<u>14,046</u>	<u>3,567</u>
Cash Balance, December 31, 2022	<u>\$ 429,224</u>	<u>\$ 8,560</u>	<u>\$ 147,292</u>	<u>\$ 49,485</u>	<u>\$ 12</u>	<u>\$ 73,449</u>	<u>\$ 3,219</u>

CITY OF STAR CITY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 2

	Computer	Airport Commission	Airport Operation & Maintenance	Prisoner Care	Fire District Dues	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 45,845	\$ 4,152		\$ 256	\$ 5,112	\$ 86,168	\$ 656,986
Receipts:							
State aid							353,286
Federal aid						210,287	210,287
Property taxes					820		64,458
Sales taxes		271	\$ 43				314
Fines, forfeitures, and costs	4,773			550			14,248
Interest	83					159	1,597
Local permits and fees					14,095		14,095
Airport hangar rental		5,250	900				6,150
Airport fuel		10,576					10,576
Other		5,804					8,369
Transfers in							149,235
Total Receipts	<u>4,856</u>	<u>21,901</u>	<u>943</u>	<u>550</u>	<u>14,915</u>	<u>210,446</u>	<u>832,615</u>
Disbursements:							
General government						225,608	225,608
Law enforcement				720			37,589
Highways and streets							303,154
Public safety					11,494		48,545
Airport		17,031	399				17,430
Debt service							6,122
Transfers out							20
Total Disbursements		<u>17,031</u>	<u>399</u>	<u>720</u>	<u>11,494</u>	<u>225,608</u>	<u>638,468</u>
Cash Balance, December 31, 2022	<u>\$ 50,701</u>	<u>\$ 9,022</u>	<u>\$ 544</u>	<u>\$ 86</u>	<u>\$ 8,533</u>	<u>\$ 71,006</u>	<u>\$ 851,133</u>

CITY OF STAR CITY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

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, 2022
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District Court - Small Claims	\$ 638
District Court - Bond and Fine (City)	4,010
District Court - Partial Pay	1,000
District Court - Bond and Fine (County)	21,246
Administration of Justice	4

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, 2022
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Land & Buildings	\$ 1,919,204
Equipment	<hr/> 1,037,143
Total	<hr/> <hr/> \$ 2,956,347

5. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2022
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Financed purchase	\$ 17,056

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

	December 31, 2022
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American Rescue Plan Act (ARPA)	\$ 210,287