

Franklin County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



FRANKLIN COUNTY, ARKANSAS
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Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Franklin County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of Franklin County, Arkansas (County), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, road fund, and other funds in the aggregate as of December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas, as of December 31, 2021; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and road fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
September 12, 2022
LOCO02421

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Franklin County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas (County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated September 12, 2022. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the County in a separate letter dated September 12, 2022.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 12, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Franklin County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

The commentary contained in this letter relates to the following officials who held office during 2021:

County Judge: Rickey Bowman
Treasurer: Shelly Wilson
Sheriff: Anthony Boen (terminated August 27, 2021)
Rickey Denton (appointed September 10, 2021)
Undersheriff: Ricky Denton (resigned September 10, 2021)
Vacant
Tax Collector: Amy Harris
County Clerk: Tammy Sisson
Circuit Clerk: Janice King
Assessor: Cathy Bennett
County Librarian: Deidre Fears (Ozark)
Hannah Gillelan (Charleston)

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with County officials during the course of our audit fieldwork and at the exit conference.

Sheriff and Undersheriff

The following items were noted in an analysis of the Sheriff's Circuit Bond and Fine bank accounts:

- The balances remaining in the Ozark and Charleston accounts of \$105,957 and \$7,514, respectively, were not identified.
- Cash receipts and disbursements journals were not properly prepared, in noncompliance with Ark. Code Ann. § 14-25-112.
- Bank reconciliations were not always properly prepared, in noncompliance with Ark. Code Ann. § 14-25-107.
- Installment fees were not properly assessed and remitted to the Department of Finance and Administration and the County Treasurer's Circuit Clerk's Automation Fund, in noncompliance with Ark. Code Ann. § 16-13-704.
- Installment payment records were not properly maintained and made available for inspection.
- For one defendant tested, the appearance bond collected in the amount of \$500, was not applied to the financial obligation of the defendant, in noncompliance with the Judge's sentencing order.

The following items were noted in an analysis of the Sheriff's Commissary account:

- The Commissary account ending bank balance was not properly reconciled to the ending book balance, and the ending book balance was incorrect by \$33,863, in noncompliance with Ark. Code Ann. § 14-25-107.
- Commissary receipts were not always deposited in a timely manner.

The following item was noted in an analysis of the Sheriff's Charleston Fee account:

- Bank reconciliations were not always properly prepared, in noncompliance with Ark. Code Ann. § 14-25-107.

The Sheriff's Office opened a K-9 Donations account and did not remit the funds to the County Treasurer, as required by Ark. Code Ann. § 14-14-1313.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the Quorum Court and County 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, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 12, 2022

FRANKLIN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,308,609	\$ 2,894,297	\$ 3,926,476
Investments			85,280
Accounts receivable	154,302	2,601	63,826
	<u>154,302</u>	<u>2,601</u>	<u>63,826</u>
TOTAL ASSETS	<u>\$ 2,462,911</u>	<u>\$ 2,896,898</u>	<u>\$ 4,075,582</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 235,346	\$ 80,623	\$ 150,693
Settlements pending			871,007
Total Liabilities	<u>235,346</u>	<u>80,623</u>	<u>1,021,700</u>
Fund Balances:			
Restricted	49,132	2,816,275	2,997,918
Assigned	348		55,964
Unassigned	2,178,085		
Total Fund Balances	<u>2,227,565</u>	<u>2,816,275</u>	<u>3,053,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,462,911</u>	<u>\$ 2,896,898</u>	<u>\$ 4,075,582</u>

The accompanying notes are an integral part of these financial statements.

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 893,667	\$ 1,643,641	\$ 125,864
Federal aid	28,182	703,057	1,952,281
Property taxes	1,191,574	653,559	511,415
Sales taxes	949,578	389,492	1,884,829
Fines, forfeitures, and costs	541,860		106,294
Interest	3,287	2,813	2,011
Officers' fees	136,885		63,284
Jail fees	404,995		71,076
911 fees			342,629
Ambulance fees			809,062
Airport rental and fuel sales			46,852
Net increase (decrease) in the fair value of investments			17,838
Treasurer's commission	185,894		18,631
Collector's commission	256,843		55,101
Taxes apportioned - Assessor's salary and expense	332,680		
Other	349,360	36,485	94,182
TOTAL REVENUES	5,274,805	3,429,047	6,101,349
Less: Treasurer's commission	66,156	60,633	22,092
NET REVENUES	5,208,649	3,368,414	6,079,257
EXPENDITURES			
Current:			
General government	2,088,176		308,311
Law enforcement	2,023,993		717,742
Highways and streets		2,445,536	64,514
Public safety	122,530		559,322
Health	188,718		2,406,965
Recreation and culture	875		588,303
Social services	95,928		100,998
Airport	26,322		213,903
Total Current	4,546,542	2,445,536	4,960,058
Debt Service:			
Bond principal			620,000
Bond interest and other charges			246,722
Note principal	77,620	12,489	60,248
Note interest	12,326	2,139	4,627
TOTAL EXPENDITURES	4,636,488	2,460,164	5,891,655

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 572,161	\$ 908,250	\$ 187,602
OTHER FINANCING SOURCES (USES)			
Transfers in			41,498
Transfers out	(17,848)		(23,650)
TOTAL OTHER FINANCING SOURCES (USES)	(17,848)		17,848
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	554,313	908,250	205,450
FUND BALANCES - JANUARY 1	1,673,252	1,908,025	2,848,432
FUND BALANCES - DECEMBER 31	\$ 2,227,565	\$ 2,816,275	\$ 3,053,882

The accompanying notes are an integral part of these financial statements.

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 482,053	\$ 893,667	\$ 411,614	\$ 1,475,000	\$ 1,643,641	\$ 168,641
Federal aid	870,404	28,182	(842,222)	403,221	703,057	299,836
Property taxes	1,107,850	1,191,574	83,724	553,100	653,559	100,459
Sales taxes	800,000	949,578	149,578	313,000	389,492	76,492
Fines, forfeitures, and costs	346,078	541,860	195,782			
Interest	2,500	3,287	787	2,000	2,813	813
Officers' fees	110,000	136,885	26,885			
Jail fees	424,900	404,995	(19,905)			
Insurance premiums collected	20,000		(20,000)			
Treasurer's commission	167,512	185,894	18,382	2,000		(2,000)
Collector's commission	265,276	256,843	(8,433)			
Taxes apportioned - Assessor's salary and expense	294,297	332,680	38,383			
Other	276,706	349,360	72,654	7,298	36,485	29,187
TOTAL REVENUES	5,167,576	5,274,805	107,229	2,755,619	3,429,047	673,428
Less: Treasurer's commission		66,156	(66,156)		60,633	(60,633)
NET REVENUES	5,167,576	5,208,649	41,073	2,755,619	3,368,414	612,795
EXPENDITURES						
Current:						
General government	2,358,653	2,088,176	270,477			
Law enforcement	2,643,902	2,023,993	619,909			
Highways and streets				3,807,057	2,445,536	1,361,521
Public safety	138,488	122,530	15,958			
Health	188,718	188,718				
Recreation and culture	875	875				
Social services	106,111	95,928	10,183			
Airport	2,000	26,322	(24,322)			
Total Current	5,438,747	4,546,542	892,205	3,807,057	2,445,536	1,361,521
Debt Service:						
Note principal		77,620	(77,620)		12,489	(12,489)
Note interest		12,326	(12,326)		2,139	(2,139)
TOTAL EXPENDITURES	5,438,747	4,636,488	802,259	3,807,057	2,460,164	1,346,893

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (271,171)	\$ 572,161	\$ 843,332	\$ (1,051,438)	\$ 908,250	\$ 1,959,688
OTHER FINANCING SOURCES (USES)						
Transfers in	20		(20)			
Transfers out	(19,017)	(17,848)	1,169			
TOTAL OTHER FINANCING SOURCES (USES)	(18,997)	(17,848)	1,149			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(290,168)	554,313	844,481	(1,051,438)	908,250	1,959,688
FUND BALANCES - JANUARY 1	917,720	1,673,252	755,532	1,859,058	1,908,025	48,967
FUND BALANCES - DECEMBER 31	\$ 627,552	\$ 2,227,565	\$ 1,600,013	\$ 807,620	\$ 2,816,275	\$ 2,008,655

The accompanying notes are an integral part of these financial statements.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County.

B. Basis of Presentation - Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, federal aid, and sales tax that are restricted or committed for maintaining and constructing roads.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Road Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury, as well as county sales taxes, is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as part of supplementary information in order to provide users of the financial statements a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit, and loan proceeds held by the financial institution.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and property taxes that have not been transferred to the appropriate entities.

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15.

F. Budget Law

1. Legal Requirements

State law requires that the Quorum Court, before the end of each fiscal year, make appropriations, by ordinance, for the expenditures of County government for the following year. The Quorum Court may make appropriation amendments at any time during the current fiscal year. Appropriations lapse at the end of each year. Under certain conditions, the budget may be amended subsequent to the year-end.

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other operating funds except for the Ozark / Franklin county Airport account.

G. Fund Balance Classification Policies and Procedures

The County's highest level of decision-making authority is its Quorum Court. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the Quorum Court through passage of an ordinance. The Quorum Court is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

There were no committed fund balances at year-end.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,479,238	\$ 1,503,585
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	6,814,386	7,445,893
Uncollateralized	834,417	834,417
Total Deposits	<u>\$ 9,128,041</u>	<u>\$ 9,783,895</u>

The above total deposits do not include cash on hand of \$1,341.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: Cash Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2021, \$834,417 of the County's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

<u>Fund Type</u>	<u>December 31, 2021</u> <u>Fair Value</u>
County Library	\$ 85,280

Investments are reported at fair value. Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets.
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.).
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity).

The County's investments are composed of the following:

<u>December 31, 2021</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical</u> <u>Investments</u> <u>Level I</u>
<u>Investment Type</u>	
Common Stock	\$ 85,280

The fair value of common stock is measured on a recurring basis and is based on quoted marked prices obtained from independent pricing sources.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2021, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 12,600		
Federal aid	6,909		
Fines, forfeitures, and costs	20,101		\$ 5,490
Interest	238	\$ 239	157
Officers' fees	14,590		4,892
Jail fees	44,547		3,869
911 fees			9,759
Ambulance fees			30,985
Other	55,317	2,362	8,674
Totals	<u>\$ 154,302</u>	<u>\$ 2,601</u>	<u>\$ 63,826</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2021, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 235,346</u>	<u>\$ 80,623</u>	<u>\$ 150,693</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 786,649
Law enforcement	\$ 49,132		172,278
Highways and streets		\$ 2,816,275	
Public safety			286,339
Health			685,600
Recreation and culture			266,972
Social services			247
Capital outlay			157,676
Debt service			642,157
Total Restricted	<u>49,132</u>	<u>2,816,275</u>	<u>2,997,918</u>
Assigned to:			
Public safety	348		
Airport			55,964
Total Assigned	<u>348</u>		<u>55,964</u>
Unassigned	<u>2,178,085</u>		
Totals	<u>\$ 2,227,565</u>	<u>\$ 2,816,275</u>	<u>\$ 3,053,882</u>

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for bonded debt was \$23,616,558. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$7,640,674. The amount of short-term financing obligations was \$461,094, leaving a legal debt margin of \$7,179,580.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2021:

	December 31, 2021
Long-term liabilities	\$ 7,667,169
Noncancellable leases	1,084,069
Reappraisal contract	<u>584,000</u>
Total Commitments	<u>\$ 9,335,238</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

	December 31, 2021
<u>Bonds</u>	
Sales and Use Tax Bonds, dated December 1, 2018, in the amount of \$8,750,000, for the purpose of financing the cost of a new jail facility; annual installments of \$135,000 to \$510,000 due on December 1 beginning in 2018 through December 2042; interest at 2% to 3.60% due June 1 and December 1 beginning in 2018. Payments are to be made from the Debt Service Fund.	\$ 6,955,000
<u>Direct Borrowings</u>	
Loan payable from Bank OZK dated October 8, 2020, in the amount of \$342,993, to purchase ten Dodge Ram 1500 trucks and one Dodge Durango Truck, 60 monthly payments of \$6,324 through October 2025, interest imputed at 3.99%. Payments to be made from the General Fund.	268,501
Loan payable from the Bank of the Ozarks dated March 26, 2019, in the amount of \$160,166, to finance the Library construction project, 60 monthly payments of \$2,777 through March 2024, interest imputed at 4.95%. Payments to be made from the Library Fund.	59,460
Loan payable from Bank OZK dated June 6, 2021, in the amount of \$134,852, to purchase a 2021 Mack Truck and 2019 Viking Trailer, 60 monthly payments of \$2,438 through June 2026, interest imputed at 3.20%. Payments to be made from the Road Fund.	122,363
Loan payable from Bank OZK dated March 30, 2018, in the amount of \$40,429, for the purchase of land for future development, 60 monthly payments of \$749 through March 2023, interest imputed at 4.19%. Payments to be made from the General Fund.	10,770
Total Direct Borrowings	461,094
Arkansas District Judge's Retirement - Based on a 20-year level amortization of the unfunded pension liability of the former plan for district judges and court clerks. Payments to be made from the General Fund.	65,756
Compensated absences consisting of accrued paid time off and compensation time adjusted to current salary cost	185,319
Total Long-term liabilities	\$ 7,667,169

Due to the County's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

The County's outstanding bonds payable of \$6,955,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the County and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The County's outstanding notes from direct borrowings of \$268,501, \$59,460, and \$122,363 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law. The outstanding note from direct borrowings of \$10,770 is unsecured and contains a provision that in the event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies available to it under applicable law.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2021</u>	<u>Maturities to December 31, 2021</u>
<u>Bonds</u>					
12/1/18	12/1/42	2 - 3.60%	\$ 8,750,000	\$ 6,955,000	\$ 1,795,000
<u>Direct Borrowings</u>					
3/30/18	3/31/23	4.19%	40,429	10,770	29,659
3/26/19	3/26/24	4.95%	160,166	59,460	100,706
10/8/20	10/22/25	3.99%	342,993	268,501	74,492
6/6/21	6/10/26	3.20%	134,852	122,363	12,489
Total Direct Borrowings			678,440	461,094	217,346
Total Long-Term Debt			<u>\$ 9,428,440</u>	<u>\$ 7,416,094</u>	<u>\$ 2,012,346</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2021</u>
Bonds payable	\$ 7,575,000	\$ 0	\$ 620,000	\$ 6,955,000
<u>Direct Borrowings</u>				
Notes payable	476,599	134,852	150,357	461,094
Total Long-Term Debt	<u>\$ 8,051,599</u>	<u>\$ 134,852</u>	<u>\$ 770,357</u>	<u>\$ 7,416,094</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 465,000	\$ 223,373	\$ 688,373	\$ 132,153	\$ 15,307	\$ 147,460
2023	280,000	213,421	493,421	125,704	10,334	136,038
2024	285,000	206,771	491,771	99,194	5,950	105,144
2025		200,003	200,003	89,562	2,096	91,658
2026		200,003	200,003	13,481	137	13,618
2027 through 2031	1,895,000	865,000	2,760,000			
2032 through 2036	1,085,000	605,375	1,690,375			
2037 through 2041	1,630,000	295,788	1,925,788			
2042	1,315,000	47,340	1,362,340			
Totals	<u>\$ 6,955,000</u>	<u>\$ 2,857,074</u>	<u>\$ 9,812,074</u>	<u>\$ 460,094</u>	<u>\$ 33,824</u>	<u>\$ 493,918</u>

Noncancellable Leases

The County entered into a noncancellable lease agreement for a 2019 John Deere Backhoe Loader on December 11, 2019. Terms of the lease are monthly rental payments of \$1,399 for 60 months. At the end of the lease term, the County may choose to purchase the item of equipment by paying the payoff amount.

The County entered into a noncancellable lease agreement for a Kubelco Excavator, Strickland Bucket, and a Strickland Hydraulic Thumb on February 4, 2021. Terms of the lease are monthly rental payments of \$2,912 for 60 months. At the end of the lease term, the County may choose to purchase the item of equipment by paying the payoff amount.

The County entered into a noncancellable lease agreement for two 2018 John Deere Motor Graders on August 13, 2021. Terms of the lease are monthly rental payments of \$6,504 for 60 months. At the end of the lease term, the County may choose to purchase the item of equipment by paying the payoff amount.

The County entered into a noncancellable lease agreement for three 2019 John Deere Motor Graders on November 29, 2021. Terms of the lease are monthly rental payments of \$9,571 for 60 months. At the end of the lease term, the County may choose to purchase the item of equipment by paying the payoff amount.

The County is obligated for the following amounts for the next five years:

Year	December 31, 2021
2022	\$ 243,223
2023	227,839
2024	227,839
2025	227,854
2026	157,314
Total	<u>\$ 1,084,069</u>

Rental expense for 2021 was \$151,499.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

County-Wide Reappraisal Contract

The County entered into a contract with AR CAMA Tech. Inc. on November 22, 2021, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$9,733 for a total of \$584,000 beginning February 1, 2022. Contract expense for 2021 was \$107,150.

The County is obligated for the following amounts at December 31, 2021:

Year	December 31, 2021
2022	\$ 116,800
2023	116,800
2024	116,800
2025	116,800
2026	116,800
Total	<u>\$ 584,000</u>

NOTE 10: Interfund Transfers

General Fund transferred \$17,848 to Other Funds in the aggregate (Public Defender and Ozark / Franklin County Airport) to supplement operations. Within the other Funds in the Aggregate the Hospital Construction Fund transferred \$1,112 to the Hospital Tax (Special Sales Tax) Fund in order to close the fund, in accordance with County Resolution and the Ozark-Franklin County Airport transferred \$22,538 to Miscellaneous Grant to reimburse for expenditures paid in the prior year.

NOTE 11: Subsequent Events

On June 17, 2022, the U. S. Department of Transportation Federal Aviation Administration awarded the County \$664,385 of Federal Aviation Administration (FAA) Airport Improvement Program funding to reconstruct the Ozark-Franklin County Airport runway and taxiway lighting and airport beacon rehabilitation.

On April 19, 2022, Franklin County and the Ozark-Franklin County Airport entered into an agreement with the City of Russellville and the Russellville Regional Airport. The City of Russellville, on behalf of the Russellville Regional Airport agrees to transfer a sum of \$150,000 of their 2022 FAA Non-Primary Entitlement to the Franklin County and the Ozark-Franklin County Airport to use the money for the runway and taxiway lighting reconstruction and beacon rehabilitation project, which will increase the safety of aircraft using the Ozark-Franklin County Airport. Franklin County and the Ozark-Franklin County Airport agrees to transfer the sum of \$150,000 of their 2023 FAA Non-Primary Entitlement to the City of Russellville and the Russellville Regional Airport when the 2023 funds become available.

On, June 29, 2022, the County entered into a contract in the amount of \$655,506 with All Service Electric, Inc. for the Ozark-Franklin County Airport runway and taxiway lighting reconstruction and beacon rehabilitation project.

NOTE 12: Pledged Revenues

The County pledged future .50% sales and use taxes to repay \$8,750,000 in bonds that were issued in 2017 to provide funding for the construction of a new jail. Total principal and interest remaining on the bonds are \$6,955,000 and \$2,857,074, respectively, payable through December 1, 2042. For 2021, principal and interest paid were \$620,000 and \$242,623, respectively.

The Debt Service Fund received \$890,503 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13: Joint Venture: Arkansas River Valley Regional Library System

Franklin, Logan, and Yell Counties entered into an agreement in July 1985 in accordance with Ark. Code Ann. § 13-2-401 to establish the Arkansas River Valley Regional Library Commission. The agreement states that the Regional Library Board shall employ a regional librarian approved by the Arkansas Library Commission. County and branch personnel shall be recommended by the County Library Board and shall be employed only after approval by the regional librarian and the Arkansas Library Commission with such salaries to be paid from the county funds. The County Library paid \$108,875 for regional library expenditures in 2021. Separate financial statements of the Arkansas River Valley Regional Library are not available.

NOTE 14: Jointly Governed Organizations

Western River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott and Yell Counties and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The County did not provide any funding for the West River Valley Solid Waste Management District. Separate financial statements may be obtained at: 24087 Highway 164, Clarksville, AR 72830.

Fifth Judicial Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Franklin, Johnson, and Pope Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Fifth Judicial District Drug Task are not available. The County did not contribute any funding to the Fifth Judicial District Drug Task Force in 2021.

NOTE 15: Interlocal Agreements

Sebastian County Regional Crisis Stabilization Unit

The County entered into an interlocal agreement dated August 16, 2018, with the counties and cities in the Sebastian County mental health catchment area, including Sebastian, Crawford, Franklin, Logan, Scott, and Polk Counties and all incorporated cities in these counties, concerning the operations of the Sebastian County Regional Crisis Stabilization Unit. This program will be utilized by the counties and cities to divert people who are experiencing a mental health crisis from jail to get the treatment they need, as determined by the medical service provider who is trained to recognize and treat behavioral-health issues. The program shall be maintained by the Sebastian County Judge. State funding of \$1.6 million annually has been allocated for Sebastian County to operate the crisis stabilization unit based upon daily billable services to each individual treated and subject to Medicaid reimbursements and other patient insurance. Sebastian County will initially pay all expenses incurred for operations and management of the program. The counties and cities will participate in a cost sharing agreement based on the cost per day for services for each patient, which will be determined by actual operations expenses. The cost sharing will equitably allocate the unreimbursed cost to each governmental entity participating in the program, after consideration of grant funding and allowable insurance reimbursements. The cost sharing agreement will be based upon the collection of actual operations data in the first year of service, and each year thereafter, as appropriate for annual adjustment. In addition, to defray maintenance and operation costs the counties and cities agree to pay a daily rate of \$5 for services provided each day of care, for the length of stay. Sebastian County had planned to send a monthly itemized bill to each county and city, beginning August 1, 2018, to receive reimbursement for each counties and cities equitable share of expenses. However, Sebastian County has not billed the counties or cities for costs as of September 12, 2022.

Altus District Court

Franklin County and the City of Altus entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court - Altus Division. This agreement was entered into on December 10, 2020. The City of Altus contributed \$5,500 to Franklin County in 2021.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15: Interlocal Agreements (Continued)

Ozark District Court

Franklin County and the City of Ozark entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court - Ozark Division. This agreement was entered into on December 10, 2020. The City shall split the cost of all business operations, which shall include salaries, utilities, office related expenses and benefits on a 50% sharing ratio. The City of Ozark contributed \$125,489 to Franklin County in 2021.

District Court

Franklin County, Johnson County and the Cities of Clarksville, Lamar, Coal Hill, Ozark, Charleston, and Altus entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court's position of Court Administrator. This agreement was entered into on March 30, 2021. Salary to be paid as follows; 27.2% by Johnson County, 25.4% by Clarksville, 8.1% by Lamar, 5.3% by Coal Hill, 14.6% by Franklin County, 1.9% by Altus, 12.2% by Ozark, and 5.3% by Charleston. The Court Administrator is an employee of the County. The County's portion for December 31, 2021 was \$4,884. This amount was included in the County's portion of the Franklin County District Court operational expense.

District Court Judge

Franklin County, Johnson County and the Cities of Clarksville, Lamar, Coal Hill, Ozark, Charleston, and Altus entered into an agreement to provide for a District Judge's annual salary to be paid 50% by the state and the remaining 50% to be paid 28.6% by Johnson County, 29.6% by Clarksville, 4% by Lamar, 4% by Coal Hill, 14.6 % by Franklin County, 1.8% by Altus, 12.2% by Ozark, and 5.2% by Charleston. The Judge is an employee of the State of Arkansas and is elected by a four-year term. The County's portion for December 31, 2021 was \$8,563.

Police Department Dispatch Fees

Franklin County and the City of Ozark entered into an agreement concerning the sharing of costs related to the operation of Police Department Dispatch Fees. This agreement was entered into on January 1, 2020. The City of Ozark contributed \$30,500 to Franklin County in 2021.

Ozark Public School District

Franklin County and the Ozark Public School District entered into an agreement in 2013 concerning the collaborative efforts to provide a safe and healthy school environment for the students, staff, faculty, and visitors. During 2021, the County received \$44,975 in reimbursements from the Ozark Public School District for the salaries of the School Resource Officer. Effective upon this agreement, the salary of the School Resource Officer is funded by the Ozark Public School District.

NOTE 16: Hospital Agreement

On August 8, 2017, Franklin County amended and restated a lease agreement with Mercy Hospital Ozark formally known as St. Edward Health Facilities of Franklin County, an Arkansas nonprofit corporation. The parties agreed to amend and restate the initial lease dated March 28, 2001, in its entirety, such amendment and restatement to be effective as of August 8, 2017. The lease agreement was amended to include the addition to the Hospital of which the aggregate cost is \$5,500,000. The County financed \$1,465,000 of the addition, which is also paid from the one percent sales and use tax (approved by voters on February 6, 2001) annual net proceeds.

On March 28, 2001, Franklin County entered into a lease agreement with Mercy Hospital Ozark formally known as St. Edward Health Facilities of Franklin County, an Arkansas nonprofit corporation. The parties agreed that the commencement date of the lease would be March 28, 2001, with the initial term effective on the commencement date and expiring on June 30, 2024. The agreement states that the Tenant provide a rental payment of \$1.00 per year and the Landlord provides \$350,000 of the annual net proceeds of a one percent sales and use tax (approved by voters on February 6, 2001) to support the operations of the Hospital. In connection with the lease, the County assigned the operation assets, and the Hospital assumed all contractual liabilities.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 17: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The County participates in the Association of Arkansas Counties Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by County officials, employees, and volunteer fire fighters while performing work for the County. Rates for counties participating in this program are revised annually based on the cost experience of the particular county or group as determined by the Workers' Compensation Commission.

Property Program – This program is a blanket policy with coverage up to \$1,100,000,000 for any one loss with a \$1,000 deductible. The County shall pay into the program each year a charge established by the Risk Management Fund Board for covered county property.

Vehicle Program

A. Liability - This program may pay all sums the County legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered county vehicle and for which the County is liable. The limit of payment by the program is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county vehicles owned or leased by the County.

B. Physical Damage - This program covers vehicles (excluding mobile equipment) which are the property of the participating county. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$500 per occurrence. The County agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the county government of a participating county and pay judgments imposed on County officials and employees and the county government and county-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$500,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board.

NOTE 18: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended June 30, 2021 (date of APERS Employer Allocation Report) were \$559,349.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 18: Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$1,405,733.

NOTE 19: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The County was awarded \$3,440,931 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$3,440,931 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

FRANKLIN COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment No. 79	County Clerk's Cost	Recorder's Cost	County Library
ASSETS								
Cash and cash equivalents	\$ 59,750	\$ 375,048	\$ 42,708	\$ 2,397	\$ 67,546	\$ 27,160	\$ 73,926	\$ 184,943
Investments								85,280
Accounts receivable	5	29	3		6	308	4,556	8,691
TOTAL ASSETS	<u>\$ 59,755</u>	<u>\$ 375,077</u>	<u>\$ 42,711</u>	<u>\$ 2,397</u>	<u>\$ 67,552</u>	<u>\$ 27,468</u>	<u>\$ 78,482</u>	<u>\$ 278,914</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,946							\$ 11,942
Settlements pending								
Total Liabilities	<u>1,946</u>							<u>11,942</u>
Fund Balances:								
Restricted	57,809	\$ 375,077	\$ 42,711	\$ 2,397	\$ 67,552	\$ 27,468	\$ 78,482	266,972
Assigned								
Total Fund Balances	<u>57,809</u>	<u>375,077</u>	<u>42,711</u>	<u>2,397</u>	<u>67,552</u>	<u>27,468</u>	<u>78,482</u>	<u>266,972</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,755</u>	<u>\$ 375,077</u>	<u>\$ 42,711</u>	<u>\$ 2,397</u>	<u>\$ 67,552</u>	<u>\$ 27,468</u>	<u>\$ 78,482</u>	<u>\$ 278,914</u>

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS							
	Child Support Cost	Sheriff's Communication Facility and Equipment	Special County Jail Expenditure (Jail Operation and Maintenance)	County Emergency Rescue (Boating Safety)	Emergency 911	Emergency Medical Services	Public Defender	District Court Probation
ASSETS								
Cash and cash equivalents	\$ 10,353	\$ 72,045	\$ 34,863	\$ 9,241	\$ 272,497	\$ 313,262	\$ 3,763	\$ 7,357
Investments								
Accounts receivable	37	3,546	4,960	1	9,780	31,012		825
TOTAL ASSETS	\$ 10,390	\$ 75,591	\$ 39,823	\$ 9,242	\$ 282,277	\$ 344,274	\$ 3,763	\$ 8,182
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 48,231			\$ 5,180	\$ 11,609	\$ 2,401	\$ 54
Settlements pending								
Total Liabilities		48,231			5,180	11,609	2,401	54
Fund Balances:								
Restricted	\$ 10,390	27,360	\$ 39,823	\$ 9,242	277,097	332,665	1,362	8,128
Assigned								
Total Fund Balances	10,390	27,360	39,823	9,242	277,097	332,665	1,362	8,128
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,390	\$ 75,591	\$ 39,823	\$ 9,242	\$ 282,277	\$ 344,274	\$ 3,763	\$ 8,182

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS							
	Adult Drug Court	Juvenile Probation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital Tax (Special Sales Tax)	Miscellaneous Grant	Ozark / Franklin County Airport
ASSETS								
Cash and cash equivalents	\$ 6,727	\$ 43,855	\$ 3,658	\$ 3,571	\$ 184,455	\$ 364,494	\$ 1,469	\$ 55,964
Investments								
Accounts receivable	1	39				27		
TOTAL ASSETS	\$ 6,728	\$ 43,894	\$ 3,658	\$ 3,571	\$ 184,455	\$ 364,521	\$ 1,469	\$ 55,964
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 622	\$ 249			\$ 21,813	\$ 11,586	\$ 476	
Settlements pending								
Total Liabilities	622	249			21,813	11,586	476	
Fund Balances:								
Restricted	6,106	43,645	\$ 3,658	\$ 3,571	162,642	352,935	993	
Assigned								\$ 55,964
Total Fund Balances	6,106	43,645	3,658	3,571	162,642	352,935	993	55,964
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,728	\$ 43,894	\$ 3,658	\$ 3,571	\$ 184,455	\$ 364,521	\$ 1,469	\$ 55,964

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	CUSTODIAL FUNDS					
	Jail Construction	Sales and Use Tax Bond Fund, Series 2017	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS								
Cash and cash equivalents	\$ 192,260	\$ 642,157	\$ 48,612	\$ 439,251	\$ 293,812	\$ 18,279	\$ 71,053	\$ 3,926,476
Investments								85,280
Accounts receivable								63,826
TOTAL ASSETS	\$ 192,260	\$ 642,157	\$ 48,612	\$ 439,251	\$ 293,812	\$ 18,279	\$ 71,053	\$ 4,075,582
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 34,584							\$ 150,693
Settlements pending			\$ 48,612	\$ 439,251	\$ 293,812	\$ 18,279	\$ 71,053	871,007
Total Liabilities	34,584		48,612	439,251	293,812	18,279	71,053	1,021,700
Fund Balances:								
Restricted	157,676	\$ 642,157						2,997,918
Assigned								55,964
Total Fund Balances	157,676	642,157						3,053,882
TOTAL LIABILITIES AND FUND BALANCES	\$ 192,260	\$ 642,157	\$ 48,612	\$ 439,251	\$ 293,812	\$ 18,279	\$ 71,053	\$ 4,075,582

FRANKLIN COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment No. 79	County Clerk's Cost	Recorder's Cost	County Library
REVENUES								
State aid					\$ 6,543			\$ 61,796
Federal aid								
Property taxes								510,550
Sales taxes								
Fines, forfeitures, and costs			\$ 1,417					
Interest	\$ 47	\$ 426	54		84	\$ 32	\$ 87	274
Officers' fees						8,922	48,669	
Jail fees								
911 fees								
Ambulance fees								
Airport rental and fuel sales								
Net increase (decrease) in the fair value of investments								17,838
Treasurer's commission	18,631							
Collector's commission		55,101						
Other	1	3	10		20	26	69	20,383
TOTAL REVENUES	18,679	55,530	1,481		6,647	8,980	48,825	610,841
Less: Treasurer's commission	1	12	33		133	187	760	11,100
NET REVENUES	18,678	55,518	1,448		6,514	8,793	48,065	599,741
EXPENDITURES								
Current:								
General government	33,181	33,655				4,233	34,197	
Law enforcement			1,733	\$ 768				
Highways and streets								
Public safety								
Health								
Recreation and culture								562,476
Social services								
Airport								
Total Current	33,181	33,655	1,733	768		4,233	34,197	562,476
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								48,738
Note interest								4,586
TOTAL EXPENDITURES	33,181	33,655	1,733	768		4,233	34,197	615,800
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(14,503)	21,863	(285)	(768)	6,514	4,560	13,868	(16,059)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	(14,503)	21,863	(285)	(768)	6,514	4,560	13,868	(16,059)
FUND BALANCES - JANUARY 1	72,312	353,214	42,996	3,165	61,038	22,908	64,614	283,031
FUND BALANCES - DECEMBER 31	\$ 57,809	\$ 375,077	\$ 42,711	\$ 2,397	\$ 67,552	\$ 27,468	\$ 78,482	\$ 266,972

FRANKLIN COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS							
	Child Support Cost	Sheriff's Communication Facility and Equipment	Special County Jail Expenditure (Jail Operation and Maintenance)	County Emergency Rescue (Boating Safety)	Emergency 911	Emergency Medical Services	Public Defender	District Court Probation
REVENUES								
State aid				\$ 1,500	\$ 28,000	\$ 24,025		
Federal aid								
Property taxes					103,941	141,599		
Sales taxes								
Fines, forfeitures, and costs			\$ 81,016				\$ 10,991	\$ 10,085
Interest	\$ 13	\$ 52	23	12	315	147	4	2
Officers' fees	755	3,615						
Jail fees		61,085	9,991					
911 fees					342,629			
Ambulance fees						809,062		
Airport rental and fuel sales								
Net increase (decrease) in the fair value of investments								
Treasurer's commission								
Collector's commission								
Other	2	166	152	4	38,298	31,278	31	
TOTAL REVENUES	770	64,918	91,182	1,516	513,183	1,006,111	11,026	10,087
Less: Treasurer's commission	16		1,821	30	7,691		220	
NET REVENUES	754	64,918	89,361	1,486	505,492	1,006,111	10,806	10,087
EXPENDITURES								
Current:								
General government	76							
Law enforcement		69,955	52,434				26,414	1,959
Highways and streets								
Public safety				1,125	527,390			
Health						892,180		
Recreation and culture								
Social services								
Airport								
Total Current	76	69,955	52,434	1,125	527,390	892,180	26,414	1,959
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								
Note interest								
TOTAL EXPENDITURES	76	69,955	52,434	1,125	527,390	892,180	26,414	1,959
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	678	(5,037)	36,927	361	(21,898)	113,931	(15,608)	8,128
OTHER FINANCING SOURCES (USES)								
Transfers in							15,848	
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)							15,848	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	678	(5,037)	36,927	361	(21,898)	113,931	240	8,128
FUND BALANCES - JANUARY 1	9,712	32,397	2,896	8,881	298,995	218,734	1,122	
FUND BALANCES - DECEMBER 31	\$ 10,390	\$ 27,360	\$ 39,823	\$ 9,242	\$ 277,097	\$ 332,665	\$ 1,362	\$ 8,128

FRANKLIN COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS							
	Adult Drug Court	Juvenile Probation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital Tax (Special Sales Tax)	Miscellaneous Grant	Ozark / Franklin County Airport
REVENUES								
State aid							\$ 4,000	
Federal aid					\$ 1,720,466		231,815	
Property taxes				\$ 865				
Sales taxes						\$ 747,501		\$ 1,285
Fines, forfeitures, and costs	\$ 2,110	\$ 675						
Interest	8	57	\$ 4	4		277		
Officers' fees		1,220	103					
Jail fees								
911 fees								
Ambulance fees								
Airport rental and fuel sales								46,852
Net increase (decrease) in the fair value of investments								
Treasurer's commission								
Collector's commission								
Other	6	6	1			808		2,918
TOTAL REVENUES	2,124	1,958	108	869	1,720,466	748,586	235,815	51,055
Less: Treasurer's commission	42	43	3					
NET REVENUES	2,082	1,915	105	869	1,720,466	748,586	235,815	51,055
EXPENDITURES								
Current:								
General government					191,992		10,977	
Law enforcement	2,057	4,330			310,926			
Highways and streets					64,514			
Public safety					30,803		4	
Health					915,266	526,519	73,000	
Recreation and culture					21,827		4,000	
Social services					22,496	78,502		
Airport							170,704	43,199
Total Current	2,057	4,330			1,557,824	605,021	258,685	43,199
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal						11,510		
Note interest						41		
TOTAL EXPENDITURES	2,057	4,330			1,557,824	616,572	258,685	43,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25	(2,415)	105	869	162,642	132,014	(22,870)	7,856
OTHER FINANCING SOURCES (USES)								
Transfers in						1,112	22,538	2,000
Transfers out								(22,538)
TOTAL OTHER FINANCING SOURCES (USES)						1,112	22,538	(20,538)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	25	(2,415)	105	869	162,642	133,126	(332)	(12,682)
FUND BALANCES - JANUARY 1	6,081	46,060	3,553	2,702		219,809	1,325	68,646
FUND BALANCES - DECEMBER 31	\$ 6,106	\$ 43,645	\$ 3,658	\$ 3,571	\$ 162,642	\$ 352,935	\$ 993	\$ 55,964

FRANKLIN COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	Hospital Construction	Jail Construction	Sales and Use Tax Bond Fund, Series 2017	Totals
REVENUES				
State aid				\$ 125,864
Federal aid				1,952,281
Property taxes				511,415
Sales taxes			\$ 890,503	1,884,829
Fines, forfeitures, and costs				106,294
Interest		\$ 28	61	2,011
Officers' fees				63,284
Jail fees				71,076
911 fees				342,629
Ambulance fees				809,062
Airport rental and fuel sales				46,852
Net increase (decrease) in the fair value of investments				17,838
Treasurer's commission				18,631
Collector's commission				55,101
Other				94,182
TOTAL REVENUES		28	890,564	6,101,349
Less: Treasurer's commission				22,092
NET REVENUES		28	890,564	6,079,257
EXPENDITURES				
Current:				
General government				308,311
Law enforcement		247,166		717,742
Highways and streets				64,514
Public safety				559,322
Health				2,406,965
Recreation and culture				588,303
Social services				100,998
Airport				213,903
Total Current		247,166		4,960,058
Debt Service:				
Bond principal			620,000	620,000
Bond interest and other charges			246,722	246,722
Note principal				60,248
Note interest				4,627
TOTAL EXPENDITURES		247,166	866,722	5,891,655
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(247,138)	23,842	187,602
OTHER FINANCING SOURCES (USES)				
Transfers in				41,498
Transfers out	\$ (1,112)			(23,650)
TOTAL OTHER FINANCING SOURCES (USES)	(1,112)			17,848
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,112)	(247,138)	23,842	205,450
FUND BALANCES - JANUARY 1	1,112	404,814	618,315	2,848,432
FUND BALANCES - DECEMBER 31	\$ 0	\$ 157,676	\$ 642,157	\$ 3,053,882

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commission to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used solely for district court-related technology.
Assessor's Amendment No. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79. Ark. Code Ann. § 26-26-201 established fund to receive \$.50 fee on delinquent persons which shall be used by the county assessor to help pay for the expense of assessing property.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Sheriff's Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing communication equipment; purchase additional communications equipment; otherwise improve a communications facility or system for the sheriff's department; or purchase vehicles, weapons, or other equipment for the sheriff's department.

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Special County Jail Expenditure (Jail Operation and Maintenance)	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
County Emergency Rescue (Boating Safety)	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Emergency Medical Services	Ark. Code Ann. §§ 20-13-303 - 20-13-305 and Franklin County Ordinance no. 1986-11 (May 12, 1986) established fund to receive fees to provide for ambulance services for the County.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
District Court Probation	Ark. Code Ann. § 5-4-322 authorized district court probation fees for probation and public service work supervision.
Adult Drug Court	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
Juvenile Probation	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expense of the office of circuit clerk.
Assessor's Late Assessment Fee	Ark. Code Ann. § 26-26-201 established fund to receive \$.50 fee on delinquent persons which shall be used by the county assessor to help pay for the expense of assessing property.
American Rescue Plan Act	Franklin County Ordinance no. 2021-25 (May 13, 2021) established fund to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Hospital Tax (Special Sales Tax)	Established to account for a 1% sales tax to be used to finance health facilities within the County, approved by voters on February 6, 2001.
Miscellaneous Grant	Established by the county to account for miscellaneous grants received from state and federal governments.
Ozark / Franklin County Airport	Ark. Code Ann. § 14-357-107 stipulates that all revenues derived from the operation of the airport, after paying the operating expenses and maintenance, may be set aside and used for additional improvements of the airport or for any lawful purpose. The Ozark / Franklin County Airport is jointly owned by the City of Ozark and Franklin County, the Airport Commission oversees the operations of the airport.
Hospital Construction	Franklin County Resolution no. 2017-2 (February 16, 2017) established fund to receive up to \$1,465,000 of sales tax collected from the Franklin County Hospital Tax fund through March 2021 to use for the renovation of Mercy Hospital Ozark.
Jail Construction	Franklin County Ordinance no. 2017-43 (November 9, 2017) established sales and use tax bond for the purpose of jail improvements
Sales and Use Tax Bond Fund, Series 2017	Franklin County Ordinance no. 2017-43 (November 9, 2017) established fund to provide for the payment of principal and interest on Sales and Use Tax Bonds, Series 2017.

Treasurer's accounts consist primarily of property taxes, treasurer's commission, fire protection premiums, and interest not distributed to the appropriate agencies.

Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.

Sheriff's accounts consist primarily of fees settlement, bond, evidence, and inmate trust money.

County Clerk's accounts consist primarily of fee money to be settled with the treasurer.

Circuit Clerk's accounts consist of trust money and settlements due to the treasurer.

FRANKLIN COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

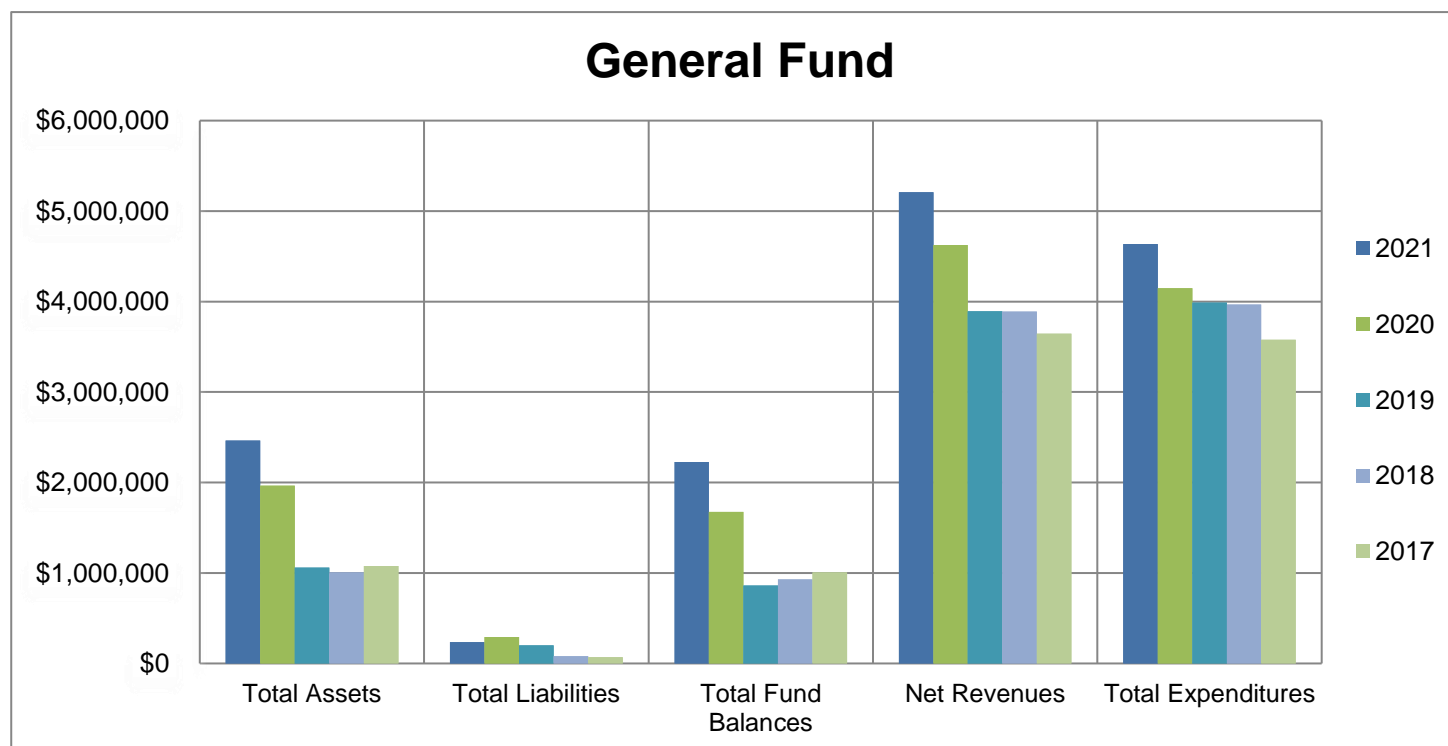
Schedule 3

	December 31, 2021
Land	\$ 565,123
Buildings	15,626,987
Improvements	1,293,616
Equipment	6,775,809
Construction in Progress	31,300
Total	<u>\$ 24,292,835</u>

FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-1

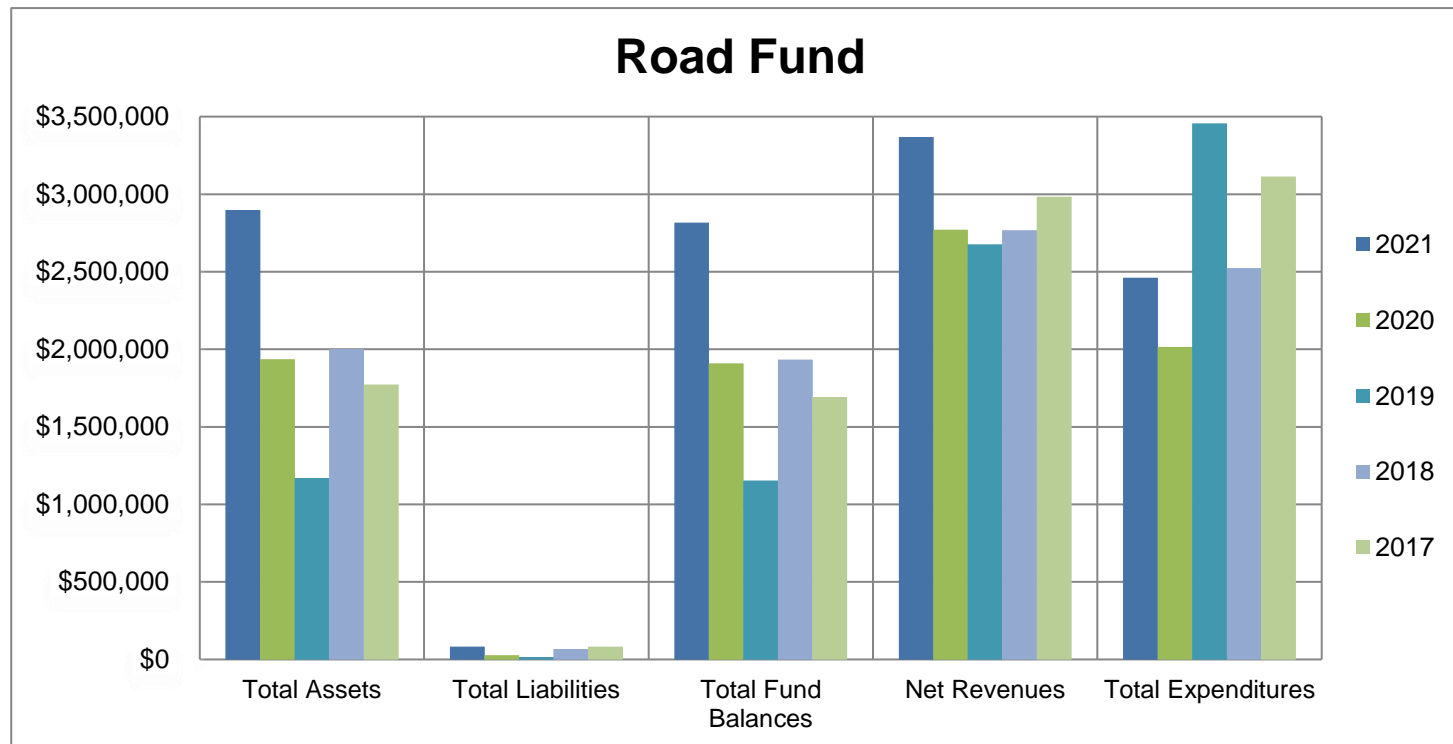
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 2,462,911	\$ 1,963,944	\$ 1,058,160	\$ 1,007,382	\$ 1,076,764
Total Liabilities	235,346	290,692	198,413	78,952	70,143
Total Fund Balances	2,227,565	1,673,252	859,747	928,430	1,006,621
Net Revenues	5,208,649	4,625,391	3,894,332	3,887,591	3,644,287
Total Expenditures	4,636,488	4,147,984	3,989,615	3,965,782	3,578,369
Total Other Financing Sources/Uses	(17,848)	336,098	26,600		(2,795)



FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-2

<u>Road</u>	2021	2020	2019	2018	2017
Total Assets	\$ 2,896,898	\$ 1,934,712	\$ 1,167,896	\$ 2,000,875	\$ 1,771,271
Total Liabilities	80,623	26,687	14,983	67,969	81,385
Total Fund Balances	2,816,275	1,908,025	1,152,913	1,932,906	1,689,886
Net Revenues	3,368,414	2,770,761	2,674,897	2,765,839	2,983,448
Total Expenditures	2,460,164	2,015,649	3,454,890	2,522,819	3,113,074
Total Other Financing Sources/Uses					



FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2021	2020	2019	2018	2017
Total Assets	\$ 4,075,582	\$ 3,274,275	\$ 5,002,680	\$ 11,489,068	\$ 12,122,527
Total Liabilities	1,021,700	425,843	931,532	517,909	701,581
Total Fund Balances	3,053,882	2,848,432	4,071,148	10,971,159	11,420,946
Net Revenues	6,079,257	4,794,701	3,970,738	5,614,116	3,612,985
Total Expenditures	5,891,655	6,072,290	11,057,949	5,713,903	3,518,153
Total Other Financing Sources/Uses	17,848	6,895	187,200	(350,000)	8,752,795

