

Phillips County, Arkansas

Financial and Compliance Report

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



PHILLIPS COUNTY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2020

Financial and Compliance Report

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Sen. Gary Stubblefield
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist county government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of county 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 regulatory basis financial information and compliance with certain state laws and accepted accounting practices for Phillips County, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated March 7, 2022. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2020:

County Judge: Clark Hall
Treasurer: Jeremy Moneymaker
Sheriff: Neal Byrd
Tax Collector: Neal Byrd
County Clerk: Linda Winfield
Circuit Clerk: Lynn Stillwell
Assessor: Jerome Turner
County Librarian: Lina Bennett

We evaluated the County's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **County Judge, Treasurer, County Clerk, Sheriff, and Tax Collector.**

County Judge/ County Clerk

A review of County expenditures revealed the following overpayments totaling \$2,777:

- \$1,208 for a janitorial services contract.
- \$935 for a grounds maintenance contract.
- \$634 to Quorum Court members who were paid mileage for attending virtual meetings.

A similar finding was issued in the prior report.

County Judge

The County expended \$1,900 to an employee to prepare jail requisitions without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202 and Op. Att'y Gen. no. 2008-014. A similar finding was issued in the prior report.

County Judge/Treasurer

1. A budget was not adopted for all General and Special Revenue Funds, as required by Ark. Code Ann. §§ 14-14-904 - 14-14-907, 14-20-103 - 14-20-104. (FSA Insurance, Group Insurance, Election Expense, Phillips County Courthouse Park, Dragon Woodland Grant, Phillips County Community College School Funds, and USDA Vehicle Grant).

Additionally, General Fund expenditures and transfers exceeded budgeted amounts by \$309,193, in noncompliance with Ark. Code Ann. § 14-14-1102.

County Judge/Treasurer (Continued)

2. Negative ending fund balances were noted in four special revenue funds at year end, in apparent conflict with Ark. Code Ann. § 14-14-1102.
3. Nonpayroll (USDA Vehicle grant), payroll and debt expenditures of \$59,972, \$12,671 and \$12,000, respectively, were not posted in the general ledger nor processed through the county claims, in noncompliance with Ark. Code Ann. §§ 14-14-904 - 14-14-907, 14-20-103 - 14-20-104, 14-14-1102. A similar finding was issued in the prior report. We also noted that the payroll related amounts were not added to the employees' Internal Revenue Service (IRS) Forms W-2.
4. A checking account in the amount of \$291,341 was opened in November 2020 for the operation of the Phillips County Detention Center, but it was not added to the County's general ledger nor maintained by the County Treasurer, as required by Ark. Code Ann. § 14-14-1313.

Treasurer

1. A true and accurate record of all monies received and disbursed was not maintained, in noncompliance with Ark. Code Ann. § 14-25-114. Cash, receipts, and disbursements per the Treasurer's records were misstated in the amounts of \$1,140,780, \$850,745, \$2,150,256, respectively, due to uncorrected errors from 2019 and 2018 and posting errors of 2020 transactions. Additionally, the January 1, 2020 operating and custodial funds beginning balances were incorrect. These issues prevented the Treasurer from providing the Quorum Court accurate financial information. A similar finding was issued in the prior report.
2. We noted the following issues with the County Treasurer's distribution of funds which were in noncompliance with Ark. Code Ann. § 26-39-406:
 - a) The County Treasurer has not distributed the 2020 final tax settlement, delinquent taxes, and state land redemption of \$2,264,990, \$592,747, and \$150,855, respectively, nor the 2019 and 2018 taxes of \$1,427,507 for a net total of \$4,436,099 of undistributed taxes. A similar finding was noted in the previous three reports dating back to 2017.
 - b) The County Treasurer has not distributed the 2020 Homestead tax credits of \$1,123,156. These funds were receipted to the General Fund in error.
 - c) The County Treasurer has not distributed 2020 interest proration of \$1,594.

These funds totaling \$5,560,849 are due to the county, municipalities, and schools, which are dependent upon these tax funds for operations.

The County has not distributed the 2019 and 2018 Excess Treasurer's Commission of \$35,391 and \$41,756, respectively. A similar finding was issued in the previous two reports dating back to 2018.

We also noted the County Treasurer has not distributed the \$13,998 surety bond proceeds to the Sheriff's office as of report date. A similar finding was noted in the previous three reports dating back to 2017.

This is a net total of \$5,651,994 the County Treasurer has failed to distribute properly.

3. The warrants paid figure as reflected on the Treasurer's records did not agree with the expenditures per appropriations journal, as required by Ark. Code Ann. § 14-21-101. A similar finding was noted in the previous three reports dating back to 2017.
4. The County Treasurer failed to remit proper tax deposits to the IRS resulting in penalties and interest of \$62,685 and \$15,242, in 2020 and 2021, respectively. The County has remitted \$77,927 to the IRS and owes \$0 as of the report date. A similar finding was issued in the prior report.
5. Annual financial statements were not published, in noncompliance with Ark. Code Ann. § 14-21-102.
6. We noted the following issues were in noncompliance with Ark. Code Ann. §§ 14-25-104, -108, -114 when reviewing cash:
 - a) Bank reconciliations were not prepared during the year for any accounts maintained by the Treasurer.
 - b) The outstanding check list maintained in the county's general ledger was not accurate. It contained outstanding checks totaling \$16,635,154, most of which had cleared the bank account.
 - c) The Treasurer did not record a certificate of deposit purchased in the amount of \$60,000 during 2019, nor was interest totaling \$23,569 earned on certificates of deposits receipted or posted.
 - d) Federal aid was not receipted in the amount of \$662,472.
 - e) Sales tax in the amount of \$536,816 was posted to the PC Detention Center Fund in error.
 - f) Posting errors for bank to bank transfers totaled \$1,003,000.
 - g) Prenumbered checks were not issued for all disbursements.

Treasurer (Continued)

6. We noted the following issues were in noncompliance with Ark. Code Ann. §§ 14-25-104, -108, -114 when reviewing cash: (Continued)
 - h) Supporting documentation was not maintained by the Treasurer for other expenditures.
 - i) The bank activity and ending bank balances for numerous accounts did not agree with the Treasurer's summary of fund activity.
7. In the current and prior years, the County received five different grants and subsequently opened different bank accounts for each of the grants received. However, the disbursements for these grants were incorrectly paid from the High Yield, General, and Payroll accounts in error.
8. Fifteen funds were not properly coded, as required by the County Financial Management Systems Manual as set forth in Ark. Code Ann. § 14-21-101. A similar finding was issued in the prior report.

Tax Collector

1. Collector's Tax cash receipts and disbursements journals did not contain year-to-date totals, in noncompliance with Ark. Code Ann. § 14-25-113. A similar finding was noted in the previous three reports dating back to 2017.
2. December bank reconciliation for the current tax account did not contain cash on hand of \$20,125 and outstanding checks of \$48,382, in noncompliance with Ark. Code Ann. § 14-25-113. A similar finding was noted in the previous two reports dating back to 2017.

Sheriff

The balances remaining in the Fee/Circuit and Surety Bonds bank accounts of \$3,035 and \$42,610, respectively, were not identified. A similar finding was noted in the previous seven reports dating back to 2013.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County 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
March 7, 2022
LOCO05420

PHILLIPS COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 180,462	\$ 1,113,754	\$ 9,329,366
Investments			74,150
Accounts receivable	1,412,519	309,762	396,198
Interfund receivables		67,157	98,228
	<u>1,592,981</u>	<u>1,490,673</u>	<u>9,897,942</u>
TOTAL ASSETS	<u>\$ 1,592,981</u>	<u>\$ 1,490,673</u>	<u>\$ 9,897,942</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 86,409	\$ 101,672	\$ 175,792
Fund overdraft			266,254
Interfund payables	120,367	38,700	6,318
Settlements pending	1,357,292		6,098,716
Total Liabilities	<u>1,564,068</u>	<u>140,372</u>	<u>6,547,080</u>
Fund Balances:			
Restricted	11,944	995,332	3,578,484
Assigned	84,272	354,969	28
Unassigned	<u>(67,303)</u>	<u>1,350,301</u>	<u>(227,650)</u>
Total Fund Balances	<u>28,913</u>	<u>1,350,301</u>	<u>3,350,862</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,592,981</u>	<u>\$ 1,490,673</u>	<u>\$ 9,897,942</u>

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

PHILLIPS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 425,618	\$ 1,508,382	\$ 209,020
Federal aid	682,428	4,040	23,880
Property taxes	937,257	438,094	480,556
Sales taxes	802,334		987,254
Fines, forfeitures, and costs	32,165		25,359
Interest	23,599		14,136
Officers' fees	11,083		108,364
Jail fees			59,084
Donations			13,310
911 fees			230,816
Net increase (decrease) in fair value of investments			5,815
Contributions from regional library			25,000
Treasurer's commission	127,419		14,359
Collector's commission	166,431		40,606
Taxes apportioned - Assessor's salary and expense	337,111		
Other	309,468	19,010	123,488
TOTAL REVENUES	3,854,913	1,969,526	2,361,047
Less: Treasurer's commission	49,163	31,983	30,660
NET REVENUES	3,805,750	1,937,543	2,330,387
EXPENDITURES			
Current:			
General government	2,439,366		311,304
Law enforcement	1,477,223		3,007,249
Highways and streets		1,734,270	
Public safety	14,756		197,811
Health	74,185		
Recreation and culture	2,850		220,378
Social services	98,983		
Total Current	4,107,363	1,734,270	3,736,742
Debt Service:			
Bond interest and other charges			397,774
Lease principal		59,256	10,414
Lease interest		17,950	775
Note principal	9,863		
Note interest	2,137		
TOTAL EXPENDITURES	4,119,363	1,811,476	4,145,705

PHILLIPS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (313,613)	\$ 126,067	\$ (1,815,318)
OTHER FINANCING SOURCES (USES)			
Transfers in			314,191
Transfers out	(22,850)		(291,341)
TOTAL OTHER FINANCING SOURCES (USES)	(22,850)		22,850
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(336,463)	126,067	(1,792,468)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	697,098	1,224,234	4,811,608
Restatement adjustment (OGI 11)	(331,722)		331,722
FUND BALANCES - JANUARY 1, AS RESTATED	365,376	1,224,234	5,143,330
FUND BALANCES - DECEMBER 31	\$ 28,913	\$ 1,350,301	\$ 3,350,862

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

PHILLIPS 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, 2020
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid		\$ 425,618	\$ 425,618		\$ 1,508,382	\$ 1,508,382
Federal aid		682,428	682,428		4,040	4,040
Property taxes		937,257	937,257		438,094	438,094
Sales taxes		802,334	802,334			
Fines, forfeitures, and costs		32,165	32,165			
Interest		23,599	23,599			
Officers' fees		11,083	11,083			
Unclassified	\$ 3,904,245		(3,904,245)	\$ 1,836,330		(1,836,330)
Treasurer's commission		127,419	127,419			
Collector's commission		166,431	166,431			
Taxes apportioned - Assessor's salary and expense		337,111	337,111			
Other		309,468	309,468		19,010	19,010
TOTAL REVENUES	3,904,245	3,854,913	(49,332)	1,836,330	1,969,526	133,196
Less: Treasurer's commission		49,163	(49,163)		31,983	(31,983)
NET REVENUES	3,904,245	3,805,750	(98,495)	1,836,330	1,937,543	101,213
EXPENDITURES						
Current:						
General government	2,079,468	2,439,366	(359,898)			
Law enforcement	1,547,741	1,477,223	70,518			
Highways and streets				2,132,943	1,734,270	398,673
Public safety	9,966	14,756	(4,790)			
Health	76,000	74,185	1,815			
Recreation and culture	3,000	2,850	150			
Social services	116,845	98,983	17,862			
Total Current	3,833,020	4,107,363	(274,343)	2,132,943	1,734,270	398,673
Lease principal					59,256	(59,256)
Lease interest					17,950	(17,950)
Note principal		9,863	(9,863)			
Note interest		2,137	(2,137)			
TOTAL EXPENDITURES	3,833,020	4,119,363	(286,343)	2,132,943	1,811,476	321,467

PHILLIPS 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, 2020
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 71,225	\$ (313,613)	\$ (384,838)	\$ (296,613)	\$ 126,067	\$ 422,680
OTHER FINANCING SOURCES (USES)						
Transfers out		(22,850)	(22,850)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	71,225	(336,463)	(407,688)	(296,613)	126,067	422,680
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	670,067	697,098	27,031	1,322,347	1,224,234	(98,113)
Restatement adjustment (Other General Information 11)		(331,722)	(331,722)			
FUND BALANCES - JANUARY 1, AS RESTATED	670,067	365,376	(304,691)	1,322,347	1,224,234	(98,113)
FUND BALANCES - DECEMBER 31	\$ 741,292	\$ 28,913	\$ (712,379)	\$ 1,025,734	\$ 1,350,301	\$ 324,567

PHILLIPS COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Automation	County Recorder's Cost	County Library	Phillips County Reappraisal Cost	Support Collections Cost
ASSETS									
Cash and cash equivalents	\$ 30,911	\$ 157,612			\$ 25,025	\$ 19,627	\$ 259,582	\$ 12,277	\$ 461
Investments							74,150		
Accounts receivable		40,606					127,623		
Interfund receivables	4,001						20,566		
	<u>4,001</u>	<u></u>			<u></u>	<u></u>	<u>20,566</u>	<u></u>	<u></u>
TOTAL ASSETS	<u>\$ 34,912</u>	<u>\$ 198,218</u>			<u>\$ 25,025</u>	<u>\$ 19,627</u>	<u>\$ 481,921</u>	<u>\$ 12,277</u>	<u>\$ 461</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 7	\$ 3,500			\$ 1,022	\$ 1,102		\$ 12,277	
Fund overdraft			\$ 20,949	\$ 13,048					
Interfund payables									
Settlements pending									
Total Liabilities	<u>7</u>	<u>3,500</u>	<u>20,949</u>	<u>13,048</u>	<u>1,022</u>	<u>1,102</u>		<u>12,277</u>	
Fund Balances:									
Restricted	34,905	194,718			24,003	18,525	\$ 481,921		\$ 461
Assigned									
Unassigned			(20,949)	(13,048)					
Total Fund Balances	<u>34,905</u>	<u>194,718</u>	<u>(20,949)</u>	<u>(13,048)</u>	<u>24,003</u>	<u>18,525</u>	<u>481,921</u>		<u>461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,912</u>	<u>\$ 198,218</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,025</u>	<u>\$ 19,627</u>	<u>\$ 481,921</u>	<u>\$ 12,277</u>	<u>\$ 461</u>

PHILLIPS COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS								
	Communication Facility and Equipment	Drug Control	Jail	Emergency Rescue	Emergency 911	Public Defender	Circuit Clerk Juvenile Division Probation Fee	COPS Grant	Circuit Clerk's Commissioner's Fee
ASSETS									
Cash and cash equivalents	\$ 45,990	\$ 4,183		\$ 21,350	\$ 406,022		\$ 5,051	\$ 45	\$ 745
Investments									
Accounts receivable									
Interfund receivables									
TOTAL ASSETS	<u>\$ 45,990</u>	<u>\$ 4,183</u>		<u>\$ 21,350</u>	<u>\$ 406,022</u>		<u>\$ 5,051</u>	<u>\$ 45</u>	<u>\$ 745</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 63				\$ 6,862	\$ 96			
Fund overdraft			\$ 139,593			53,964			
Interfund payables									
Settlements pending									
Total Liabilities	<u>63</u>		<u>139,593</u>		<u>6,862</u>	<u>54,060</u>			
Fund Balances:									
Restricted	45,927	\$ 4,183		\$ 21,350	399,160		\$ 5,051	\$ 45	\$ 745
Assigned									
Unassigned			(139,593)			(54,060)			
Total Fund Balances	<u>45,927</u>	<u>4,183</u>	<u>(139,593)</u>	<u>21,350</u>	<u>399,160</u>	<u>(54,060)</u>	<u>5,051</u>	<u>45</u>	<u>745</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,990</u>	<u>\$ 4,183</u>	<u>\$ 0</u>	<u>\$ 21,350</u>	<u>\$ 406,022</u>	<u>\$ 0</u>	<u>\$ 5,051</u>	<u>\$ 45</u>	<u>\$ 745</u>

PHILLIPS COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS								
	County Law Library	Phillips County Courthouse Park	County Hospital	Jail Booking Area Construction	Phillips County Blight Eradication	Dragon Woodland Grant	Emergency Equipment	Phillips County Community College	Phillips County Justice Complex
ASSETS									
Cash and cash equivalents	\$ 98,873	\$ 4,103	\$ 319,868	\$ 16		\$ 2,880	\$ 4,511	\$ 150,776	\$ 286,234
Investments									
Accounts receivable								216,959	11,010
Interfund receivables					\$ 38,700			34,961	
TOTAL ASSETS	\$ 98,873	\$ 4,103	\$ 319,868	\$ 16	\$ 38,700	\$ 2,880	\$ 4,511	\$ 402,696	\$ 297,244
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 113,918
Fund overdraft					\$ 38,700				
Interfund payables									6,318
Settlements pending									
Total Liabilities					38,700				120,236
Fund Balances:									
Restricted	\$ 98,873	\$ 4,103	\$ 319,868	\$ 16		\$ 2,880	\$ 4,511	\$ 402,696	177,008
Assigned									
Unassigned									
Total Fund Balances	98,873	4,103	319,868	16		2,880	4,511	402,696	177,008
TOTAL LIABILITIES AND FUND BALANCES	\$ 98,873	\$ 4,103	\$ 319,868	\$ 16	\$ 38,700	\$ 2,880	\$ 4,511	\$ 402,696	\$ 297,244

PHILLIPS COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	CUSTODIAL FUNDS					
	Enviro-Tech Ed Project Grant	USDA Vehicle Grant	2018 Sales and Use Tax Bond	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS									
Cash and cash equivalents	\$ 100	\$ 28	\$ 1,374,380	\$ 5,399,399	\$ 506,557	\$ 93,940	\$ 22,626	\$ 76,194	\$ 9,329,366
Investments									74,150
Accounts receivable									396,198
Interfund receivables									98,228
TOTAL ASSETS	<u>\$ 100</u>	<u>\$ 28</u>	<u>\$ 1,374,380</u>	<u>\$ 5,399,399</u>	<u>\$ 506,557</u>	<u>\$ 93,940</u>	<u>\$ 22,626</u>	<u>\$ 76,194</u>	<u>\$ 9,897,942</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 36,945						\$ 175,792
Fund overdraft									266,254
Interfund payables									6,318
Settlements pending				\$ 5,399,399	\$ 506,557	\$ 93,940	\$ 22,626	\$ 76,194	6,098,716
Total Liabilities			<u>36,945</u>	<u>5,399,399</u>	<u>506,557</u>	<u>93,940</u>	<u>22,626</u>	<u>76,194</u>	<u>6,547,080</u>
Fund Balances:									
Restricted	\$ 100		1,337,435						3,578,484
Assigned		\$ 28							28
Unassigned									(227,650)
Total Fund Balances	<u>100</u>	<u>28</u>	<u>1,337,435</u>						<u>3,350,862</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 100</u>	<u>\$ 28</u>	<u>\$ 1,374,380</u>	<u>\$ 5,399,399</u>	<u>\$ 506,557</u>	<u>\$ 93,940</u>	<u>\$ 22,626</u>	<u>\$ 76,194</u>	<u>\$ 9,897,942</u>

PHILLIPS 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, 2020
(UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Automation	County Recorder's Cost	County Library	Phillips County Reappraisal Cost	Support Collections Cost
REVENUES									
State aid				\$ 4,860			\$ 20,566	\$ 147,322	
Federal aid									
Property taxes							177,984		
Sales taxes									
Fines, forfeitures, and costs									
Interest							2,750		
Officers' fees					\$ 11,027	\$ 90,691			\$ 108
Jail fees									
Donations							13,310		
911 fees									
Net increase (decrease) in fair value of investments							5,815		
Contributions from regional library							25,000		
Treasurer's commission	\$ 14,359								
Collector's commission		\$ 40,606							
Other					7,547		5,362		
TOTAL REVENUES	14,359	40,606		4,860	18,574	90,691	250,787	147,322	108
Less: Treasurer's commission				97	332	2,085	939		2
NET REVENUES	14,359	40,606		4,763	18,242	88,606	249,848	147,322	106
EXPENDITURES									
Current:									
General government	25,035	20,039		972	8,020	109,916		147,322	
Law enforcement			\$ 11,152						
Public safety									
Recreation and culture							220,378		
Total Current	25,035	20,039	11,152	972	8,020	109,916	220,378	147,322	
Debt Service:									
Bond interest and other charges									
Lease principal									
Lease interest									
TOTAL EXPENDITURES	25,035	20,039	11,152	972	8,020	109,916	220,378	147,322	
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	(10,676)	20,567	(11,152)	3,791	10,222	(21,310)	29,470	0	106
OTHER FINANCING SOURCES (USES)									
Transfers in					5,595				
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)					5,595				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	(10,676)	20,567	(11,152)	3,791	15,817	(21,310)	29,470	0	106
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	45,581	174,151	(9,797)	(16,839)	8,186	39,835	452,451	0	355
Restatement adjustment (OGI 11)									
FUND BALANCES - JANUARY 1, AS RESTATED	45,581	174,151	(9,797)	(16,839)	8,186	39,835	452,451	0	355
FUND BALANCES - DECEMBER 31	<u>\$ 34,905</u>	<u>\$ 194,718</u>	<u>\$ (20,949)</u>	<u>\$ (13,048)</u>	<u>\$ 24,003</u>	<u>\$ 18,525</u>	<u>\$ 481,921</u>	<u>\$ 0</u>	<u>\$ 461</u>

PHILLIPS 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, 2020
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	Communication Facility and Equipment	Drug Control	Jail	Emergency Rescue	Emergency 911	Public Defender	Circuit Clerk Juvenile Division Probation Fee	Circuit Clerk's Commissioner's Fee
REVENUES								
State aid				\$ 1,311				
Federal aid								
Property taxes								
Sales taxes								
Fines, forfeitures, and costs			\$ 20,602			\$ 3,463	\$ 560	
Interest								
Officers' fees	\$ 3,081						3,244	\$ 213
Jail fees								
Donations								
911 fees					\$ 230,816			
Net increase (decrease) in fair value of investments								
Contributions from regional library								
Treasurer's commission								
Collector's commission								
Other								
TOTAL REVENUES	3,081		20,602	1,311	230,816	3,463	3,804	213
Less: Treasurer's commission	61		412	26	5,336	69	65	4
NET REVENUES	3,020		20,190	1,285	225,480	3,394	3,739	209
EXPENDITURES								
Current:								
General government								
Law enforcement	975	\$ 291				32,074	1,036	
Public safety					197,811			
Recreation and culture								
Total Current	975	291			197,811	32,074	1,036	
Debt Service:								
Bond interest and other charges								
Lease principal					10,414			
Lease interest					775			
TOTAL EXPENDITURES	975	291			209,000	32,074	1,036	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,045	(291)	20,190	1,285	16,480	(28,680)	2,703	209
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	2,045	(291)	20,190	1,285	16,480	(28,680)	2,703	209
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	43,882	4,474	(159,783)	20,065	382,680	(25,380)	2,348	\$ 45 536
Restatement adjustment (OGI 11)								
FUND BALANCES - JANUARY 1, AS RESTATED	43,882	4,474	(159,783)	20,065	382,680	(25,380)	2,348	45 536
FUND BALANCES - DECEMBER 31	\$ 45,927	\$ 4,183	\$ (139,593)	\$ 21,350	\$ 399,160	\$ (54,060)	\$ 5,051	\$ 45 745

PHILLIPS 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, 2020
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	County Law Library	Phillips County Courthouse Park	County Hospital	Jail Booking Area Construction	Dragon Woodland Grant	Emergency Equipment	Phillips County Community College	Phillips County Justice Complex
REVENUES								
State aid							\$ 34,961	
Federal aid					\$ 2,880			
Property taxes							302,572	
Sales taxes								\$ 450,438
Fines, forfeitures, and costs	\$ 734							
Interest								
Officers' fees								
Jail fees								59,084
Donations								
911 fees								
Net increase (decrease) in fair value of investments								
Contributions from regional library								
Treasurer's commission								
Collector's commission								
Other		\$ 3,000						24,234
TOTAL REVENUES	734	3,000			2,880		337,533	533,756
Less: Treasurer's commission	15						1,712	19,505
NET REVENUES	719	3,000			2,880		335,821	514,251
EXPENDITURES								
Current:								
General government								
Law enforcement	22,227							960,306
Public safety								
Recreation and culture								
Total Current	22,227							960,306
Debt Service:								
Bond interest and other charges								
Lease principal								
Lease interest								
TOTAL EXPENDITURES	22,227							960,306
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(21,508)	3,000			2,880		335,821	(446,055)
OTHER FINANCING SOURCES (USES)								
Transfers in								291,341
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)								291,341
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	(21,508)	3,000			2,880		335,821	(154,714)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	120,381	1,103	\$ 319,868	\$ 16		\$ 4,511	66,875	
Restatement adjustment (OGI 11)								331,722
FUND BALANCES - JANUARY 1, AS RESTATED	120,381	1,103	319,868	16	0	4,511	66,875	331,722
FUND BALANCES - DECEMBER 31	\$ 98,873	\$ 4,103	\$ 319,868	\$ 16	\$ 2,880	\$ 4,511	\$ 402,696	\$ 177,008

PHILLIPS 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, 2020
(UNAUDITED)

Schedule 2

	CAPITAL PROJECTS FUNDS		SERVICE FUND	
	Enviro-Tech Ed Project Grant	USDA Vehicle Grant	2018 Sales and Use Tax Bond	Totals
REVENUES				
State aid				\$ 209,020
Federal aid		\$ 21,000		23,880
Property taxes				480,556
Sales taxes			\$ 536,816	987,254
Fines, forfeitures, and costs				25,359
Interest			11,386	14,136
Officers' fees				108,364
Jail fees				59,084
Donations				13,310
911 fees				230,816
Net increase (decrease) in fair value of investments				5,815
Contributions from regional library				25,000
Treasurer's commission				14,359
Collector's commission				40,606
Other			83,345	123,488
TOTAL REVENUES		21,000	631,547	2,361,047
Less: Treasurer's commission				30,660
NET REVENUES		21,000	631,547	2,330,387
EXPENDITURES				
Current:				
General government				311,304
Law enforcement		38,227	1,940,961	3,007,249
Public safety				197,811
Recreation and culture				220,378
Total Current		38,227	1,940,961	3,736,742
Debt Service:				
Bond interest and other charges			397,774	397,774
Lease principal				10,414
Lease interest				775
TOTAL EXPENDITURES		38,227	2,338,735	4,145,705
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES		(17,227)	(1,707,188)	(1,815,318)
OTHER FINANCING SOURCES (USES)				
Transfers in		17,255		314,191
Transfers out			(291,341)	(291,341)
TOTAL OTHER FINANCING SOURCES (USES)		17,255	(291,341)	22,850
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER USES		28	(1,998,529)	(1,792,468)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	\$ 100		3,335,964	4,811,608
Restatement adjustment (OGI 11)				331,722
FUND BALANCES - JANUARY 1, AS RESTATED	100	0	3,335,964	5,143,330
FUND BALANCES - DECEMBER 31	\$ 100	\$ 28	\$ 1,337,435	\$ 3,350,862

PHILLIPS COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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.
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.
County Clerk's Automation	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.
County 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.
Phillips County Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from the State.
Support Collections Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Jail	Ark. Code Ann. § 16-17-129 and Phillips County Ordinance no. 85-5 (October 9, 1985) 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.

PHILLIPS COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency Rescue	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 commercial mobile radio service providers for 911 emergency services.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund to be used for defense of indigents.
Circuit Clerk Juvenile Division Probation Fee	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.
COPS Grant	Phillips County Ordinance no. 2000-19 (August 8, 2000), interlocal agreement between Phillips County and Barton Lexa Public Schools to provide for employment of a deputy sheriff with conditions of grant award under the Cops in Schools Grant Program.
Circuit Clerk's 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.
County Law Library	Ark. Code Ann. § 16-23-101 authorizes any county to own, operate and maintain a county law library.
Phillips County Courthouse Park	Phillips County Ordinance no. 97-07 (March 11, 1997) and Phillips County Resolution no. 94-10 (August 9, 1994) established fund to receive a grant to fund and maintain courthouse park area.
County Hospital	Ark. Const. amend. 32 established fund to collect and disburse property tax to be used for maintenance, operation and support of the public hospital.
Jail Booking Area Construction	Established to receive and disburse local grant funds for renovations of the Phillips County Booking and Holding Center.
Dragon Woodland Grant	Established to receive and disburse Community Development Block Grant benefiting low-to-moderate income individuals.
Emergency Equipment	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.

PHILLIPS COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
Phillips County Community College	Established to provide for the collection and disbursement of property tax to be used for the support, operation and maintenance of the Phillips County campus.
Phillips County Justice Complex	Established to receive sales tax and fees for housing prisoners to maintain and operate the justice complex and detention center.
Enviro-Tech Ed Project Grant	Established to receive and disburse Arkansas Economic Development Commission grant funds from the U.S. Department of Housing and Urban Development for rail, water, and sewer upgrades.
USDA Vehicle Grant	Established to receive and disburse Eastern Arkansas Planning and Development District Grant funds for the purchase of sheriff vehicles and supplies.
2018 Sales and Use Tax Bond	Phillips County Ordinance no. 2018-7 (May 8, 2018) authorized the issuance of sales and use tax bonds and to receive 1% sales and use tax being levied for the purpose of financing all or a portion of the costs of jail and law enforcement facilities improvements, to equip, operate and maintain new or existing jail and law enforcement facilities, including road and parking improvements related thereto and to pay and secure the repayment of bonds.

Treasurer's accounts consist primarily of property taxes 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 trust money.

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

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

1. A. 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, and federal aid 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. The Special Revenue Funds presented on Schedules 1 and 2 are 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. The Capital Projects Funds presented on Schedules 1 and 2 are 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. The Debt Service Fund presented on Schedules 1 and 2 is 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). The Custodial Funds presented on Schedule 1 are reported with other funds in the aggregate.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

1. (Continued)

B. 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 a 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.

C. 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 short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair market value.

Settlements Pending

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

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.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

1. (Continued)

D. 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.

E. 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, except for the Flexible Spending, Group Insurance, and Election Expense accounts; Road Fund; and the other operating funds except for the Phillips County Courthouse Park, Dragon Woodland Grant, Phillips County Community College, and USDA Vehicle Grant.

F. 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.

For classification of fund balance amounts, restricted resources are considered spent before unrestricted. 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.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

2. Details of Fund Balance Classifications

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 11,944		\$ 276,237
Law enforcement			335,614
Highways and streets		\$ 995,332	
Public safety			420,510
Recreation and culture			486,024
Property taxes to be remitted to community college			402,696
Capital outlay			100
Debt service			1,337,435
Total Restricted	<u>11,944</u>	<u>995,332</u>	<u>3,578,484</u>
Assigned to:			
General government	84,272		
Highways and streets		354,969	
Capital outlay			28
Total Assigned	<u>84,272</u>	<u>354,969</u>	<u>28</u>
Unassigned	<u>(67,303)</u>		<u>(227,650)</u>
Totals	<u>\$ 28,913</u>	<u>\$ 1,350,301</u>	<u>\$ 3,350,862</u>

Commitments

Total commitments consist of the following at December 31, 2020:

	December 31, 2020
Long-term liabilities	\$ 11,487,852
Noncancellable lease	370,297
Reappraisal contract	<u>589,288</u>
Total Commitments	<u>\$ 12,447,437</u>

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

3. Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2020, are comprised of the following:

	<u>December 31, 2020</u>
<u>Bonds</u>	
2018 Sales and Use Tax Bonds, Series 2018, dated May 15, 2018, in the amount of \$10,995,000, due in annual installments of \$325,000 to \$3,210,000 plus interest through September 1, 2043, interest rates from 2.85% to 4.0%. Interest and principal payments begin in 2018 and 2021, respectively. Payments are to be made from the 2018 Sales and Use Tax Bond Fund.	<u>\$ 10,995,000</u>
<u>Direct Borrowings</u>	
Lease-purchase agreement dated April 13, 2017, with Kansas State Bank, in the amount of \$46,535, with an interest rate of 4.32%, for the purchase of 911 equipment. Monthly payments of \$861 for 60 months. Payments are to be made from the Emergency 911 Fund.	10,953
Lease-purchase agreement dated January 23, 2019, with Caterpillar Financial Services Corporation, in the amount of \$68,197, with an interest rate of 5.35%, for the purchase of a Caterpillar Compact Track Loader. Monthly payments of \$1,298 for 60 months. Payments are to be made from the Road Fund.	29,480
Lease-purchase agreement dated August 20, 2019, with BancorpSouth Equipment Finance, in the amount of \$455,382, with an interest rate of 3.74%, for the purchase of three 2020 Stampede Dump Bodies. Monthly payments of \$5,136 for 36 months and 1 payment of \$315,000. Payments are to be made from the Road Fund.	402,282
Note payable agreement dated February 3, 2020, with Southern Bancorp Bank, in the amount of \$60,000, with an interest rate of 3.85%, for the purchase of election equipment. Monthly payments of \$1,000 for 34 months and 1 payment of \$31,989. Payments are to be made from the General Fund.	<u>50,137</u>
Total Direct Borrowings	<u>492,852</u>
Total Long-term liabilities	<u><u>\$ 11,487,852</u></u>

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 \$10,995,000 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.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

3. Commitments (Continued)

The County's outstanding note payable and lease-purchases from direct borrowings of \$492,852 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.

Compensated Absences

Compensated absences do vest or accumulate, however, there was no compensated absences liability. The County encouraged employees to use all their leave before year end.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

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, 2020</u>	<u>Maturities to December 31, 2020</u>
<u>Bonds</u>					
5/15/18	9/1/43	4.00%	\$ 10,995,000	\$ 10,995,000	\$ 0
<u>Direct Borrowings</u>					
4/13/17	3/13/22	4.32%	46,535	10,953	35,582
1/23/19	2/23/24	5.35%	68,197	29,480	38,717
8/20/19	9/20/22	3.74%	455,382	402,282	53,100
2/3/20	12/16/22	3.85%	60,000	50,137	9,863
Total Direct Borrowings			630,114	492,852	137,262
Total Long-Term Debt			\$ 11,625,114	\$ 11,487,852	\$ 137,262

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

3. Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2020	Issued	Retired	Balance December 31, 2020
Bonds payable	\$ 10,995,000			\$ 10,995,000
<u>Direct Borrowings</u>				
Notes payable		\$ 60,000	\$ 9,863	50,137
Capital leases	512,797		70,082 *	442,715
Total Direct Borrowings	512,797	60,000	79,945	492,852
Total Long-Term Debt	\$ 11,507,797	\$ 60,000	\$ 79,945	\$ 11,487,852

* Includes \$412 prior year adjustment

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 325,000	\$ 392,074	\$ 717,074	\$ 81,188	\$ 17,528	\$ 98,716
2022	335,000	382,324	717,324	411,664	13,074	424,738
2023	345,000	372,274	717,274			
2024	355,000	361,924	716,924			
2025		351,806	351,806			
2026 through 2030	2,380,000	1,595,963	3,975,963			
2031 through 2035	900,000	1,283,625	2,183,625			
2036 through 2040	3,145,000	975,750	4,120,750			
2041 through 2043	3,210,000	373,163	3,583,163			
Totals	\$ 10,995,000	\$ 6,088,903	\$ 17,083,903	\$ 492,852	\$ 30,602	\$ 523,454

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

3. Commitments (Continued)

Noncancellable Lease

The County entered into noncancellable lease agreements for four (4) Caterpillar graders in April 2019, a Caterpillar backhoe loader in October 2019, a Caterpillar hydraulic excavator in February 2020 and a Caterpillar grader in June 2020. Terms of the leases are monthly rental payments of \$7,080 for 36 months, \$1703 for 24 months and \$55,548 for 1 month, \$1,770 for 24 months, and \$879 for 60 months. At the end of the lease term, the County will return the leased equipment. The County is obligated for the following amounts for the next five years:

<u>Year</u>	<u>December 31, 2020</u>
2021	130,381
2022	106,812
2023	10,553
2024	10,553
2025	<u>111,998</u>
Total	<u>\$ 370,297</u>

Rental expense for 2020 was \$152,991.

County-Wide Reappraisal Contract

The County entered into a contract with Delta Mass Appraisal on November 20, 2019, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$12,277 for a total of \$736,610 beginning January 1, 2020. Contract expense for 2020 was \$147,322.

The County is obligated for the following amounts at December 31, 2020:

<u>Year</u>	<u>December 31, 2020</u>
2021	147,322
2022	147,322
2023	147,322
2024	<u>147,322</u>
Total	<u>\$ 589,288</u>

4. Pledged Revenues

The County pledged future 1% sales and use taxes to repay \$10,995,000 in bonds that were issued in 2018 to provide funding for financing jail and law enforcement facilities improvements, including particularly, without limitation, a new jail and the acquisition and renovation of a building to contain the sheriff's office, arraignment room/courtroom, communications center, and administrative offices related to law enforcement and any necessary land acquisition, furnishings, equipment, signage and utility, road and parking improvements. Total principal and interest remaining on the bonds are \$10,995,000 and \$6,088,903, respectively, payable through September 1, 2043. For 2020, principal and interest paid were \$0 and \$392,074, respectively.

The Debt Service Fund received \$536,816 in sales taxes in 2020. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purposes.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

5. Joint Venture: Regional Library

Phillips, Lee, and Monroe Counties entered into an agreement in May 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Phillips, Lee, and Monroe Regional Library. The agreement states that the library boards of these counties are to continue the same duties and functions that they have in the past until said duties and functions are altered by the Quorum Court as provided by law. The Phillips County Library did not pay any regional library expenditures in 2020. Separate financial statements of the Phillips, Lee, and Monroe Regional Library are available at 702 Porter Street, Helena, AR 72342.

6. Jointly Governed Organization

The First Judicial District Drug Task Force is a jointly governed organization comprised of representatives from Lee, Monroe, Phillips, St. Francis, Cross, and Woodruff Counties and participating cities within the aforementioned counties. The Sheriff from each county acts as a representative. The County did not pay any drug task force expenditures in 2020, but did collaborate for participation in the Justice Assistance Grant (JAG) Program. Separate financial statements for the First Judicial District Drug Task Force are not available.

7. 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, 2020 (date of APERS Employer Allocation Report) were \$349,681.

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, 2020 (actuarial valuation date and measurement date) was \$3,349,870.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2020
(UNAUDITED)

8. Capital Assets

The County's capital assets records are summarized below:

	December 31, 2020
Land	\$ 376,168
Buildings	18,265,109
Equipment	4,817,020
Total	<u>\$ 23,458,297</u>

9. 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). In 2020, the County Received \$619,387 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The County was awarded \$3,453,945 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,726,973 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain, however, the County is expecting to receive additional federal aid for coronavirus relief.

10. Interfund Transfers

The General Fund transferred to Other Funds in the Aggregate \$22,850 (\$17,255 to USDA Vehicle Grant and \$5,595 to County Clerk's Automation) for operations. Within Other Funds in the Aggregate, 2018 Sales and Use Tax Bond transferred \$291,341 to Phillips County Justice Complex for operations.

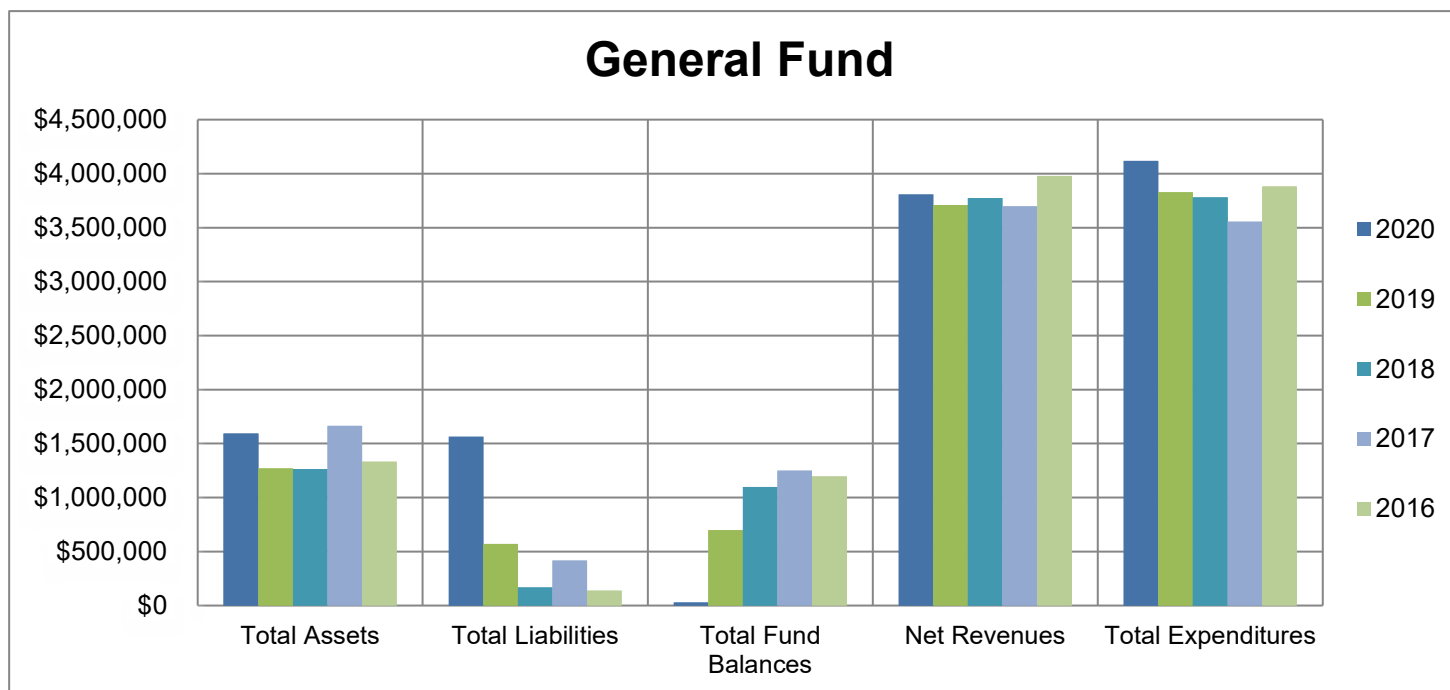
11. Prior Year Restatement

General Fund and Other Funds in Aggregate January 1, 2020 fund balances were decreased and increased, respectively in the amount of \$331,722 to reflect the Phillips County Justice Complex Fund as part of Other Funds in Aggregate. These funds had previously been reflected in the General Fund.

PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 3-1

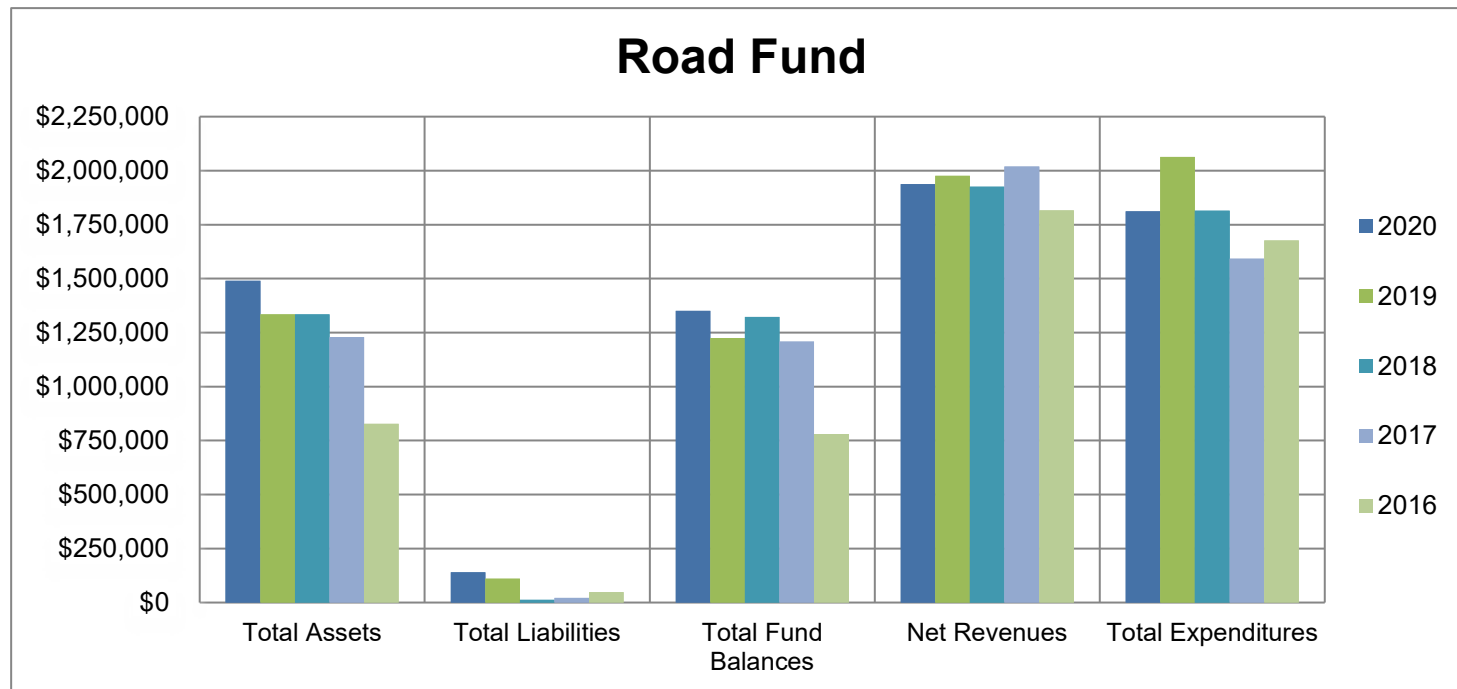
General	2020	2019	2018	2017	2016
Total Assets	\$ 1,592,981	\$ 1,268,636	\$ 1,264,797	\$ 1,663,381	\$ 1,333,147
Total Liabilities	1,564,068	571,573	167,388	415,335	138,017
Total Fund Balances	28,913	697,063	1,097,409	1,248,046	1,195,130
Net Revenues	3,805,750	3,709,447	3,774,217	3,696,287	3,978,018
Total Expenditures	4,119,363	3,826,199	3,778,645	3,554,654	3,881,565
Total Other Financing Sources/Uses	(22,850)		(52,827)	(49,726)	(33,105)



PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 3-2

Road	2020	2019	2018	2017	2016
Total Assets	\$ 1,490,673	\$ 1,333,931	\$ 1,335,130	\$ 1,228,906	\$ 827,782
Total Liabilities	140,372	109,797	12,991	21,174	47,698
Total Fund Balances	1,350,301	1,224,134	1,322,139	1,207,732	780,084
Net Revenues	1,937,543	1,976,698	1,925,215	2,019,550	1,815,267
Total Expenditures	1,811,476	2,063,143	1,813,881	1,591,902	1,676,781
Total Other Financing Sources/Uses					



PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Assets	\$ 9,897,942	\$ 7,666,789	\$ 13,713,082	\$ 6,860,176	\$ 2,090,487
Total Liabilities	6,547,080	2,855,081	2,656,531	5,097,740	695,615
Total Fund Balances	3,350,862	4,811,708	11,056,551	1,762,436	1,394,872
Net Revenues	2,330,387	1,874,941	1,390,630	1,318,567	1,498,852
Total Expenditures	4,145,705	7,947,470	2,612,586	935,231	1,229,032
Total Other Financing Sources/Uses	22,850	(281,072)	10,532,263	(74,860)	(228,850)

