

Phillips County, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



PHILLIPS COUNTY, ARKANSAS
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Financial and Compliance Report

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Arkansas

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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, 2021, and have issued our report thereon dated February 7, 2023. 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 2021:

County Judge: Clark Hall
Treasurer: Jeremy Moneymaker – January 1 to April 26, 2021
Nancy Heard - April 26, to December 31, 2021
Sheriff: Neal Byrd
Tax Collector: Neal Byrd
County Clerk: Linda Winfield
Circuit Clerk: Chasity Deisch
Assessor: Jerome Turner
County Librarian: Linda 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 County paid \$1,208 in excess of the approved contract amount for janitorial services. A similar finding was noted in the previous two reports dating back to 2019.

County Judge

The County disbursed funds totaling \$9,788 to the Phillips County Ambulance Association without a contract for services, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. no. 1992-099.

County Clerk

1. All payroll checks were issued before the corresponding two-week pay period was completed, in noncompliance with Ark. Const. art. 12, § 5. Additionally, timesheets or payroll recaps were submitted to the County Clerk's office multiple days prior to the end of the pay period.
2. We noted the following issues regarding accounts payable:
 - a) \$38,028 of 2022 expenditures were incorrectly included in the 2021 accounts payables.
 - b) The County did not record accounts payables in the amount of \$443,076.

County Judge/Treasurer/Sheriff

The following issues were noted with the Commissary and Inmate Prepaid accounts:

- a) Bank reconciliations were not prepared, in noncompliance with Ark. Code Ann. § 14-25-107.
- b) Commissary expenditures were paid from the General Fund bank account; however, the proceeds from commissary sales were not remitted to the County Treasurer.
- c) Procedures for issuing debit cards when released inmates' commissary accounts were closed did not include documentation of the receipt of cards by inmates, in noncompliance with Ark. Code Ann. § 14-25-112.
- d) Transfers were not made from the Commissary account to the Inmate Prepaid account when debit cards were issued to inmates upon release. General Fund reimbursed the Inmate Prepaid account \$1,984 for the overdraft fees that resulted from the lack of these timely transfers.

County Judge/Treasurer

- 1. The County's bank accounts were under collateralized by \$902,837 (10% of total deposits) in December 2021, in noncompliance with Ark. Code Ann. § 19-8-107.
- 2. A checking account with a report date balance of \$1,152,837 was established for the operation of the Phillips County Detention Center, but it was not properly maintained by the County Treasurer, as required by Ark. Code Ann. § 14-14-1313. A similar finding was issued in the previous report.

Treasurer/County Clerk

- 1. Payroll reported on Internal Revenue Service (IRS) quarterly 941 reports and W-2 Forms could not be reconciled to the payroll files or the County appropriations journal. The County Treasurer failed to post \$159,476 of payroll related transactions.
- 2. Claims were not properly reconciled to the Treasurer on a fund basis, as required by Ark. Code Ann. § 14-21-101.

Treasurer

- 1. 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 for any accounts maintained by the Treasurer.
 - b) The outstanding check list maintained in the county's general ledger contained \$19,702,777 in checks that previously cleared the bank.
 - c) The bank activity and ending bank balances for numerous accounts did not agree with the Treasurer's summary fund activity.
 - d) Sales tax in the amount of \$850,251 was posted to the Phillips County Detention Center in error.
 - e) Posting errors for bank to bank transfers totaled \$3,104,369.
 - f) Prenumbered checks were not issued for all disbursements.
 - g) Supporting documentation was not maintained by the Treasurer for disbursements made by Treasurer's check.In addition to the above similar findings that were issued in the previous report, we also noted:
 - h) Receipts were not issued in a timely manner.
 - i) Checks were not deposited in a timely manner.
 - j) Receipts were not issued for all items of revenue.
- 2. Annual financial statements were not published, in noncompliance with Ark. Code Ann. § 14-21-102. A similar finding was issued in the prior report.
- 3. A true and accurate record of all monies received and disbursed was not maintained, in noncompliance with Ark. Code Ann. §§ 14-15-807, 14-25-114. Cash, receipts, and disbursements per the Treasurer's records were misstated in the amounts of \$435,523, \$1,695,095, and \$385,513, respectively, due to uncorrected errors from 2020, 2019, and 2018 and posting errors of 2021 transactions.

Additionally, the 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 previous two reports.

- 4. We noted the following issues with the County Treasurer's distribution of funds which were in noncompliance with Ark. Code Ann. § 26-39-406:

The County Treasurer has not properly distributed property taxes, including delinquent taxes, state land redemption, homestead credits, interest, and excess commissions in the amount of \$5,293,339, for the tax years 2020, 2019, and 2018. The County Treasurer had a total undistributed as of the report date of \$2,546,807. These funds are due to the county, municipalities, and schools, which are dependent upon these tax funds for operations. A similar finding was noted in the previous four reports dating back to 2017.

Treasurer (Continued)

4. (Continued)

The County has not distributed the 2021, 2019, and 2018 Excess Treasurer's Commission totaling \$79,426. A similar finding was issued in the previous three 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 four reports dating back to 2017.

This is a net total of \$5,386,763 and \$2,640,231 as year-end and report date, respectively, the County Treasurer has failed to distribute properly.

5. Thirteen 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 two reports.

Tax Collector

Bank reconciliations were not properly prepared. Specifically, the December bank reconciliation for the current tax account did not contain cash on hand of \$65,618 and outstanding checks of \$8,884, in noncompliance with Ark. Code Ann. § 14-25-113. A similar finding was issued in the previous three reports dating back to 2018.

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
February 7, 2023
LOCO05421

PHILLIPS COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ (515,222)	\$ 1,005,927	\$ 10,726,863
Investments			86,855
Accounts receivable	6,112,407	39,206	57,214
Interfund receivables	392,282	608,667	689,695
	<u>5,989,467</u>	<u>1,653,800</u>	<u>11,560,627</u>
TOTAL ASSETS	<u>\$ 5,989,467</u>	<u>\$ 1,653,800</u>	<u>\$ 11,560,627</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 456,672	\$ 69,026	\$ 65,687
Interfund payables	1,171,516	38,700	480,428
Settlements pending	3,425,622		6,974,256
Total Liabilities	<u>5,053,810</u>	<u>107,726</u>	<u>7,520,371</u>
Fund Balances:			
Restricted	979	1,191,105	4,015,256
Assigned	204,475	354,969	25,000
Unassigned	730,203		
Total Fund Balances	<u>935,657</u>	<u>1,546,074</u>	<u>4,040,256</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,989,467</u>	<u>\$ 1,653,800</u>	<u>\$ 11,560,627</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, 2021
(UNAUDITED)

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 557,101	\$ 1,636,415	\$ 193,238
Federal aid	33,266	3,418	1,761,529
Property taxes	1,108,476	525,329	239,660
Sales taxes	795,474		1,571,709
Fines, forfeitures, and costs	102,948		50,055
Interest	36,845		3,736
Officers' fees	11,832		158,861
Net increase (decrease) in fair value of investments			12,705
Contributions from regional library			25,000
Emergency 911 fees			393,815
Jail fees			281,478
Donations			15,915
Phone commission			44,422
Treasurer's commission	175,945		19,803
Collector's commission	240,464		45,856
Taxes apportioned - Assessor's salary and expense	419,003		
Other	249,808	61,272	38,460
TOTAL REVENUES	3,731,162	2,226,434	4,856,242
Less: Treasurer's commission	59,270	42,931	46,889
NET REVENUES	3,671,892	2,183,503	4,809,353
EXPENDITURES			
Current:			
General government	2,596,202		573,182
Law enforcement	1,566,789		1,829,429
Highways and streets		1,971,840	120,460
Public safety	8,400		465,928
Health	72,566		
Recreation and culture	7,797		222,701
Social services	83,306		2,880
Total Current	4,335,060	1,971,840	3,214,580
Debt Service:			
Bond principal			325,000
Bond interest and other charges			395,023
Lease principal		77,524	6,655
Lease interest		19,157	230
Note principal	10,249		
Note interest	1,751		
TOTAL EXPENDITURES	4,347,060	2,068,521	3,941,488

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

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (675,168)	\$ 114,982	\$ 867,865
OTHER FINANCING SOURCES (USES)			
Transfers in	28	7,100	1,279,607
Transfers out	(425,664)		(861,071)
TOTAL OTHER FINANCING SOURCES (USES)	(425,636)	7,100	418,536
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,100,804)	122,082	1,286,401
FUND BALANCES - JANUARY 1	28,913	1,350,301	2,948,160
Restatement adjustment (OGI no. 11)	2,007,548	73,691	(194,305)
FUND BALANCES - JANUARY 1	2,036,461	1,423,992	2,753,855
FUND BALANCES - DECEMBER 31	\$ 935,657	\$ 1,546,074	\$ 4,040,256

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, 2021
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid		\$ 557,101	\$ 557,101		\$ 1,636,415	\$ 1,636,415
Federal aid		33,266	33,266		3,418	3,418
Property taxes		1,108,476	1,108,476		525,329	525,329
Sales taxes		795,474	795,474			
Fines, forfeitures, and costs		102,948	102,948			
Interest		36,845	36,845			
Officers' fees		11,832	11,832			
Unclassified	\$ 3,900,006		(3,900,006)	\$ 1,570,603		(1,570,603)
Treasurer's commission		175,945	175,945			
Collector's commission	204,009	240,464	36,455			
Taxes apportioned - Assessor's salary and expense	415,004	419,003	3,999			
Other		249,808	249,808		61,272	61,272
TOTAL REVENUES	4,519,019	3,731,162	(787,857)	1,570,603	2,226,434	655,831
Less: Treasurer's commission		59,270	(59,270)		42,931	(42,931)
NET REVENUES	4,519,019	3,671,892	(847,127)	1,570,603	2,183,503	612,900
EXPENDITURES						
Current:						
General government	2,770,996	2,596,202	174,794			
Law enforcement	1,744,131	1,566,789	177,342			
Highways and streets				2,267,602	1,971,840	295,762
Public safety	7,700	8,400	(700)			
Health	76,200	72,566	3,634			
Recreation and culture	22,000	7,797	14,203			
Social services	105,052	83,306	21,746			
Total Current	4,726,079	4,335,060	391,019	2,267,602	1,971,840	295,762
Debt Service:						
Lease principal					77,524	(77,524)
Lease interest					19,157	(19,157)
Note principal		10,249	(10,249)			
Note interest		1,751	(1,751)			
TOTAL EXPENDITURES	4,726,079	4,347,060	379,019	2,267,602	2,068,521	199,081

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, 2021
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (207,060)	\$ (675,168)	\$ (468,108)	\$ (696,999)	\$ 114,982	\$ 811,981
OTHER FINANCING SOURCES (USES)						
Transfers in		28	28		7,100	7,100
Transfers out		(425,664)	(425,664)			
TOTAL OTHER FINANCING SOURCES (USES)		(425,636)	(425,636)		7,100	7,100
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(207,060)	(1,100,804)	(893,744)	(696,999)	122,082	819,081
FUND BALANCES - JANUARY 1	516,990	28,913	(488,077)	1,358,155	1,350,301	(7,854)
Restatement adjustment (OGI no. 11)		2,007,548	2,007,548		73,691	73,691
FUND BALANCES - JANUARY 1	516,990	2,036,461	1,519,471	1,358,155	1,423,992	65,837
FUND BALANCES - DECEMBER 31	\$ 309,930	\$ 935,657	\$ 625,727	\$ 661,156	\$ 1,546,074	\$ 884,918

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

PHILLIPS COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (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	\$ (5,326)	\$ 568,300	\$ (34,501)	\$ (8,472)	\$ 28,968	\$ (67,768)	\$ 340,865	\$ 12,277	\$ 531
Investments							86,855		
Accounts receivable			3,040	44	748	18,156			38
Interfund receivables	30,722	49,975	31,461	8,428		51,950	121,119		
TOTAL ASSETS	\$ 25,396	\$ 618,275	\$ 0	\$ 0	\$ 29,716	\$ 2,338	\$ 548,839	\$ 12,277	\$ 569
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 135				\$ 58	\$ 2,338		\$ 12,277	
Interfund payables		\$ 380,414			11,869				
Settlements pending		3,582							
Total Liabilities	135	383,996			11,927	2,338		12,277	
Fund Balances:									
Restricted	25,261	234,279			17,789		\$ 548,839		\$ 569
Assigned									
Total Fund Balances	25,261	234,279			17,789		548,839		569
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,396	\$ 618,275	\$ 0	\$ 0	\$ 29,716	\$ 2,338	\$ 548,839	\$ 12,277	\$ 569

PHILLIPS COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS									
	Communicatio n Facility and Equipment	Drug Control	Jail Operations and Maintenance	Emergency Rescue (Boating Safety)	Emergency 911	Public Defender	Circuit Clerk Juvenile Division Probation Fee	COPS Grant	Circuit Clerk's Commissioner's Fee
ASSETS									
Cash and cash equivalents	\$ 48,464	\$ 3,686	\$ 8,217	\$ 22,439	\$ 324,098	\$ (76,620)	\$ 5,865	\$ 45	\$ 282
Investments									
Accounts receivable	595		6,607	75	5,445	1,929	84		3
Interfund receivables					53,643	77,820			686
TOTAL ASSETS	\$ 49,059	\$ 3,686	\$ 14,824	\$ 22,514	\$ 383,186	\$ 3,129	\$ 5,949	\$ 45	\$ 971
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 15,333	\$ 1,292			\$ 971
Interfund payables	\$ 31,884								
Settlements pending									
Total Liabilities	31,884				15,333	1,292			971
Fund Balances:									
Restricted	17,175	\$ 3,686	\$ 14,824	\$ 22,514	342,853	1,837	\$ 5,949	\$ 45	
Assigned					25,000				
Total Fund Balances	17,175	3,686	14,824	22,514	367,853	1,837	5,949	45	
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,059	\$ 3,686	\$ 14,824	\$ 22,514	\$ 383,186	\$ 3,129	\$ 5,949	\$ 45	\$ 971

PHILLIPS COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS									
	County Law Library	Phillips County Courthouse Park	County Hospital	Jail Booking Area Construction	Dragon Woodland Grant	Emergency Equipment	Blight Eradication Project	Phillips County Justice Complex	American Rescue Plan Act	Assessor's Late Assessment Fee
ASSETS										
Cash and cash equivalents	\$ 101,070	\$ 7,103	\$ 319,869	\$ 16	\$ 2,656	\$ 4,511	\$ (38,700)	\$ (130,424)	\$ 1,127,131	\$ 951
Investments										
Accounts receivable	4,955							15,495		
Interfund receivables			51				38,700	223,933		1,207
TOTAL ASSETS	\$ 106,025	\$ 7,103	\$ 319,920	\$ 16	\$ 2,656	\$ 4,511	\$ 0	\$ 109,004	\$ 1,127,131	\$ 2,158
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable								\$ 33,283		
Interfund payables								6,318	\$ 49,943	
Settlements pending								26,187		
Total Liabilities								65,788	49,943	
Fund Balances:										
Restricted	\$ 106,025	\$ 7,103	\$ 319,920	\$ 16	\$ 2,656	\$ 4,511		43,216	1,077,188	\$ 2,158
Assigned										
Total Fund Balances	106,025	7,103	319,920	16	2,656	4,511		43,216	1,077,188	2,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 106,025	\$ 7,103	\$ 319,920	\$ 16	\$ 2,656	\$ 4,511	\$ 0	\$ 109,004	\$ 1,127,131	\$ 2,158

PHILLIPS COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 1

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	CUSTODIAL FUNDS					
	Enviro-Tech Ed Project 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	\$ 1,216,743	\$ 6,519,030	\$ 244,287	\$ 58,768	\$ 226	\$ 122,176	\$ 10,726,863
Investments								86,855
Accounts receivable								57,214
Interfund receivables								689,695
TOTAL ASSETS	\$ 100	\$ 1,216,743	\$ 6,519,030	\$ 244,287	\$ 58,768	\$ 226	\$ 122,176	\$ 11,560,627
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 65,687
Interfund payables								480,428
Settlements pending			\$ 6,519,030	\$ 244,287	\$ 58,768	\$ 226	\$ 122,176	6,974,256
Total Liabilities			6,519,030	244,287	58,768	226	122,176	7,520,371
Fund Balances:								
Restricted	\$ 100	\$ 1,216,743						4,015,256
Assigned								25,000
Total Fund Balances	100	1,216,743						4,040,256
TOTAL LIABILITIES AND FUND BALANCES	\$ 100	\$ 1,216,743	\$ 6,519,030	\$ 244,287	\$ 58,768	\$ 226	\$ 122,176	\$ 11,560,627

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, 2021
(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
REVENUES								
State aid				\$ 4,589			\$ 40,152	\$ 147,322
Federal aid							31,900	
Property taxes							237,467	
Sales taxes								
Fines, forfeitures, and costs			\$ 3,020					
Interest							3,017	
Officers' fees					\$ 14,787	\$ 139,622		
Net increase (decrease) in fair value of investments							12,705	
Contributions from regional library							25,000	
Emergency 911 fees								
Jail fees								
Donations							15,915	
Phone commission								
Treasurer's commission	\$ 19,803	\$ 45,856						
Collector's commission								
Other	300	9,279	20	123	187	982	7,787	
TOTAL REVENUES	20,103	55,135	3,040	4,712	14,974	140,604	373,943	147,322
Less: Treasurer's commission		8,248		92	279	2,423	4,483	
NET REVENUES	20,103	46,887	3,040	4,620	14,695	138,181	369,460	147,322
EXPENDITURES								
Current:								
General government	29,747	7,326			20,909	179,225		147,322
Law enforcement			13,552					
Highways and streets								
Public safety								
Recreation and culture							222,701	
Social services								
Total Current	29,747	7,326	13,552		20,909	179,225	222,701	147,322
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Lease interest								
TOTAL EXPENDITURES	29,747	7,326	13,552		20,909	179,225	222,701	147,322
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(9,644)	39,561	(10,512)	4,620	(6,214)	(41,044)	146,759	
OTHER FINANCING SOURCES (USES)								
Transfers in			31,461	8,428		22,519	114,464	
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)			31,461	8,428		22,519	114,464	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	(9,644)	39,561	20,949	13,048	(6,214)	(18,525)	261,223	
FUND BALANCES - JANUARY 1	34,905	194,718	(20,949)	(13,048)	24,003	18,525	481,921	
Restatement adjustment (OGI no. 11)							(194,305)	
FUND BALANCES - JANUARY 1	34,905	194,718	(20,949)	(13,048)	24,003	18,525	287,616	
FUND BALANCES - DECEMBER 31	\$ 25,261	\$ 234,279	\$ 0	\$ 0	\$ 17,789	\$ 0	\$ 548,839	\$ 0

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, 2021
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS						
	Support Collections Cost	Communication Facility and Equipment	Drug Control	Jail Operations and Maintenance	Emergency Rescue (Boating Safety)	Emergency 911	Circuit Clerk Juvenile Division Probation Fee
REVENUES							
State aid					\$ 1,175		
Federal aid							
Property taxes							
Sales taxes							
Fines, forfeitures, and costs				\$ 32,894		\$ 5,929	\$ 250
Interest							
Officers' fees	\$ 108	\$ 3,594					600
Net increase (decrease) in fair value of investments							
Contributions from regional library							
Emergency 911 fees						\$ 393,815	
Jail fees							
Donations							
Phone commission		44,422					
Treasurer's commission							
Collector's commission							
Other	2	52		274	10	1,768	63
TOTAL REVENUES	110	48,068		33,168	1,185	395,583	913
Less: Treasurer's commission	2	60		526	21	7,720	15
NET REVENUES	108	48,008		32,642	1,164	387,863	898
EXPENDITURES							
Current:							
General government							
Law enforcement		76,760	\$ 497	15,225			27,813
Highways and streets							
Public safety						412,285	
Recreation and culture							
Social services							
Total Current		76,760	497	15,225		412,285	27,813
Debt Service:							
Bond principal							
Bond interest and other charges							
Lease principal						6,655	
Lease interest						230	
TOTAL EXPENDITURES		76,760	497	15,225		419,170	27,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108	(28,752)	(497)	17,417	1,164	(31,307)	898
OTHER FINANCING SOURCES (USES)							
Transfers in				137,000			77,820
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)				137,000			77,820
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	108	(28,752)	(497)	154,417	1,164	(31,307)	898
FUND BALANCES - JANUARY 1	461	45,927	4,183	(139,593)	21,350	399,160	5,051
Restatement adjustment (OGI no. 11)							
FUND BALANCES - JANUARY 1	461	45,927	4,183	(139,593)	21,350	399,160	5,051
FUND BALANCES - DECEMBER 31	\$ 569	\$ 17,175	\$ 3,686	\$ 14,824	\$ 22,514	\$ 367,853	\$ 5,949

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, 2021
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	COPS Grant	Circuit Clerk's Commissioner's Fee	County Law Library	Phillips County Courthouse Park	County Hospital	Jail Booking Area Construction	Dragon Woodland Grant	Emergency Equipment
REVENUES								
State aid								
Federal aid							\$ 2,656	
Property taxes					\$ 9			
Sales taxes								
Fines, forfeitures, and costs			\$ 7,962					
Interest								
Officers' fees		\$ 150						
Net increase (decrease) in fair value of investments								
Contributions from regional library								
Emergency 911 fees								
Jail fees								
Donations								
Phone commission								
Treasurer's commission								
Collector's commission								
Other		2	21	\$ 3,000	43			
TOTAL REVENUES		152	7,983	3,000	52		2,656	
Less: Treasurer's commission		3	60					
NET REVENUES		149	7,923	3,000	52		2,656	
EXPENDITURES								
Current:								
General government		1,580						
Law enforcement			771					
Highways and streets								
Public safety								
Recreation and culture								
Social services							2,880	
Total Current		1,580	771				2,880	
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Lease interest								
TOTAL EXPENDITURES		1,580	771				2,880	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(1,431)	7,152	3,000	52		(224)	
OTHER FINANCING SOURCES (USES)								
Transfers in		686						
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)		686						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(745)	7,152	3,000	52		(224)	
FUND BALANCES - JANUARY 1	\$ 45	745	98,873	4,103	319,868	\$ 16	2,880	\$ 4,511
Restatement adjustment (OGI no. 11)								
FUND BALANCES - JANUARY 1	45	745	98,873	4,103	319,868	16	2,880	4,511
FUND BALANCES - DECEMBER 31	\$ 45	\$ 0	\$ 106,025	\$ 7,103	\$ 319,920	\$ 16	\$ 2,656	\$ 4,511

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, 2021
(UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	Phillips County Justice Complex	American Rescue Plan Act	Assessor's Late Assessment Fee	Enviro-Tech Ed Project Grant	USDA Vehicle Grant	2018 Sales and Use Tax Bond	Totals
REVENUES							
State aid							\$ 193,238
Federal aid		\$ 1,726,973					1,761,529
Property taxes			\$ 2,184				239,660
Sales taxes						\$ 1,571,709	1,571,709
Fines, forfeitures, and costs							50,055
Interest	\$ 448	168				103	3,736
Officers' fees							158,861
Net increase (decrease) in fair value of investments							12,705
Contributions from regional library							25,000
Emergency 911 fees							393,815
Jail fees	281,478						281,478
Donations							15,915
Phone commission							44,422
Treasurer's commission							19,803
Collector's commission							45,856
Other	12,523					1,983	38,460
TOTAL REVENUES	294,449	1,727,141	2,184			1,573,795	4,856,242
Less: Treasurer's commission	22,857		20				46,889
NET REVENUES	271,592	1,727,141	2,164			1,573,795	4,809,353
EXPENDITURES							
Current:							
General government		187,073					573,182
Law enforcement	1,292,613	288,777				113,421	1,829,429
Highways and streets		120,460					120,460
Public safety		53,643					465,928
Recreation and culture							222,701
Social services							2,880
Total Current	1,292,613	649,953				113,421	3,214,580
Debt Service:							
Bond principal						325,000	325,000
Bond interest and other charges						395,023	395,023
Lease principal							6,655
Lease interest							230
TOTAL EXPENDITURES	1,292,613	649,953				833,444	3,941,488
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,021,021)	1,077,188	2,164			740,351	867,865
OTHER FINANCING SOURCES (USES)							
Transfers in	887,229						1,279,607
Transfers out					\$ (28)	(861,043)	(861,071)
TOTAL OTHER FINANCING SOURCES (USES)	887,229				(28)	(861,043)	418,536
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(133,792)	1,077,188	2,164		(28)	(120,692)	1,286,401
FUND BALANCES - JANUARY 1	177,008		(6)	\$ 100	28	1,337,435	2,948,160
Restatement adjustment (OGI no. 11)							(194,305)
FUND BALANCES - JANUARY 1	177,008		(6)	100	28	1,337,435	2,753,855
FUND BALANCES - DECEMBER 31	\$ 43,216	\$ 1,077,188	\$ 2,158	\$ 100	\$ 0	\$ 1,216,743	\$ 4,040,256

PHILLIPS 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.
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 Operations and Maintenance	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, 2021

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 (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 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, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Blight Eradication Project	Grant from the Walton Family Foundation for the Phillips County Blight Eradication Project. A project to implement the eradication and remediation of 20 dilapidated structures within two neighborhoods of Phillips County.
Phillips County Justice Complex	Established to receive sales tax and fees for housing prisoners to maintain and operate the justice complex and detention center.
American Rescue Plan Act	Established 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.
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.
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, payroll taxes not settled, and inmate trust money.

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, and evidence.

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.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(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, 2021
(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, 2021
(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 Sales Tax Revenue, 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, Blight Eradication Project and American Rescue Plan.

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
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DECEMBER 31, 2021
(UNAUDITED)

2. 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	\$ 979		\$ 1,357,244
Law enforcement			197,284
Highways and streets		\$ 1,191,105	
Public safety			365,367
Health			319,920
Recreation and culture			555,942
Social services			2,656
Capital outlay			100
Debt service			1,216,743
Total Restricted	<u>979</u>	<u>1,191,105</u>	<u>4,015,256</u>
Assigned to:			
General government	204,475		
Highways and streets		354,969	
Public safety			25,000
Total Assigned	<u>204,475</u>	<u>354,969</u>	<u>25,000</u>
Unassigned	<u>730,203</u>		
Totals	<u>\$ 935,657</u>	<u>\$ 1,546,074</u>	<u>\$ 4,040,256</u>

3. Commitments

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

	December 31, 2021
Long-term liabilities	\$ 11,293,145
Noncancellable leases	238,415
Reappraisal contract	<u>441,966</u>
Total Commitments	<u>\$ 11,973,526</u>

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

3. Commitments (Continued)

Long-term Liabilities

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

	December 31, 2021
<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.	\$ 10,670,000
<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.	4,298
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.	15,134
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.	350,860
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.	39,888
Lease-purchase agreement dated July 6, 2021, with Caterpillar Financial Services Corporation, in the amount of \$128,560, with an interest rate of 2.99%, for the purchase of a 2021 Caterpillar 140-15 Motor Grader. Monthly payments of \$2,390 for 35 months and 1 payment of \$130,950. Payments are to be made from Road Fund.	187,977
Total Direct Borrowings	598,157
Arkansas District Judge's Retirement unfunded pension liability. The actuarial assumed rate of interest is 8%. The City of Helena-West Helena and Phillips County have agreed to share the cost on a 50/50 basis. The amount of liability reflected represents only the County's portion.	24,988
Total Long-term liabilities	\$ 11,293,145

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

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
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(UNAUDITED)

3. Commitments (Continued)

The County's outstanding bonds payable of \$10,670,000 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 and lease-purchases from direct borrowings of \$598,157 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 were 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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2021	Maturities to December 31, 2021
<u>Bonds</u>					
5/15/18	9/1/43	2.85 -4%	\$ 10,995,000	\$ 10,670,000	\$ 325,000
<u>Direct Borrowings</u>					
4/13/17	3/13/22	4.32%	46,535	4,298	42,237
1/23/19	2/23/24	5.35%	68,197	15,134	53,063
8/20/19	9/20/22	3.74%	455,382	350,860	104,522
2/3/20	12/16/22	3.85%	60,000	39,888	20,112
7/6/21	8/6/24	2.99%	199,733	187,977	11,756
Total Direct Borrowings			829,847	598,157	231,690
Total Long-Term Debt			\$ 11,824,847	\$ 11,268,157	\$ 556,690

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
Bonds payable	\$ 10,995,000	\$ 0	\$ 325,000	\$ 10,670,000
<u>Direct Borrowings</u>				
Notes payable	50,137		10,249	39,888
Capital leases	442,715	199,733	84,179	558,269
Total Direct Borrowings	492,852	199,733	94,428	598,157
Total Long-Term Debt	\$ 11,487,852	\$ 199,733	\$ 419,428	\$ 11,268,157

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

3. 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	\$ 335,000	\$ 382,324	\$ 717,324	\$ 433,505	\$ 17,357	\$ 450,862
2023	345,000	372,274	717,274	24,032	4,646	28,678
2024	355,000	361,924	716,924	140,620	2,279	142,899
2025		351,806	351,806			
2026	750,000	351,806	1,101,806			
2027 through 2031	1,630,000	1,522,481	3,152,481			
2032 through 2036	900,000	1,247,625	2,147,625			
2037 through 2041	3,145,000	857,813	4,002,813			
2042 through 2043	3,210,000	248,775	3,458,775			
Totals	<u>\$ 10,670,000</u>	<u>\$ 5,696,828</u>	<u>\$ 16,366,828</u>	<u>\$ 598,157</u>	<u>\$ 24,282</u>	<u>\$ 622,439</u>

Noncancellable Lease

The County entered into a noncancellable lease agreement 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, \$1,703 for 24 months and extended for 7 months with payments of \$1,703 monthly, \$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:

Year	December 31, 2021
2022	\$ 105,311
2023	10,553
2024	10,553
2025	111,998
Total	<u>\$ 238,415</u>

Rental expense for 2021 was \$131,883.

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 2021 was \$147,322.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

3. Commitments (Continued)

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

Year	December 31, 2021
2022	\$ 147,322
2023	147,322
2024	147,322
Total	<u>\$ 441,966</u>

4. Interfund Transfers

For prior-year reimbursement, the General Fund transferred \$7,100 to the Road Fund and \$418,564 to the Other Funds in the Aggregate (Circuit Court Automation \$31,461, Assessor's Amendment No 79 \$8,428, County Recorder's Cost \$22,519, County Library \$114,464, Jail Operations and Maintenance \$137,000, Public Defender \$77,820, Circuit Clerk's Commissioner's Fee \$686, for operations and \$26,186 Phillips County Justice Complex for prior year reimbursements). Other Funds in the Aggregate also transferred \$28 to the General Fund for Prior-year reimbursements, and within Other Funds in the Aggregate, 2018 Sales and Use Tax Bond transferred \$861,043 to the Phillips County Justice Complex for Operations.

5. 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 \$10,670,000 and \$5,696,828, respectively, payable through September 1, 2043. For 2021, principal and interest paid were \$325,000 and \$392,074, respectively.

The Debt Service Fund received \$1,571,709 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for to acquire, construct, improve, expand, equip, furnish, operate, and maintain new or existing jail and law enforcement facilities, including any necessary utility, road, and parking improvement related thereto.

6. 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 2021. Separate financial statements of the Phillips, Lee, and Monroe Regional Library are available at 702 Porter Street, Helena, AR 72342.

7. Jointly Governed Organization

The First Judicial District Drug Task Force is a jointly governed organization comprised of representatives from Monroe, Lee, 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 2021. Contact the First Judicial District Drug Task Force at 113 S. Main Street, Clarendon, Arkansas 72029 to inquire on the availability of financial statements.

PHILLIPS COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

8. 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 \$ 411,007.

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 \$1,032,925.

9. Capital Assets

The County's capital assets records are summarized below :

	December 31, 2021
Land	\$ 376,168
Buildings	18,265,109
Equipment	5,013,808
Total	<u>\$ 23,655,085</u>

10. 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 \$3,453,945 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$3,453,945 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

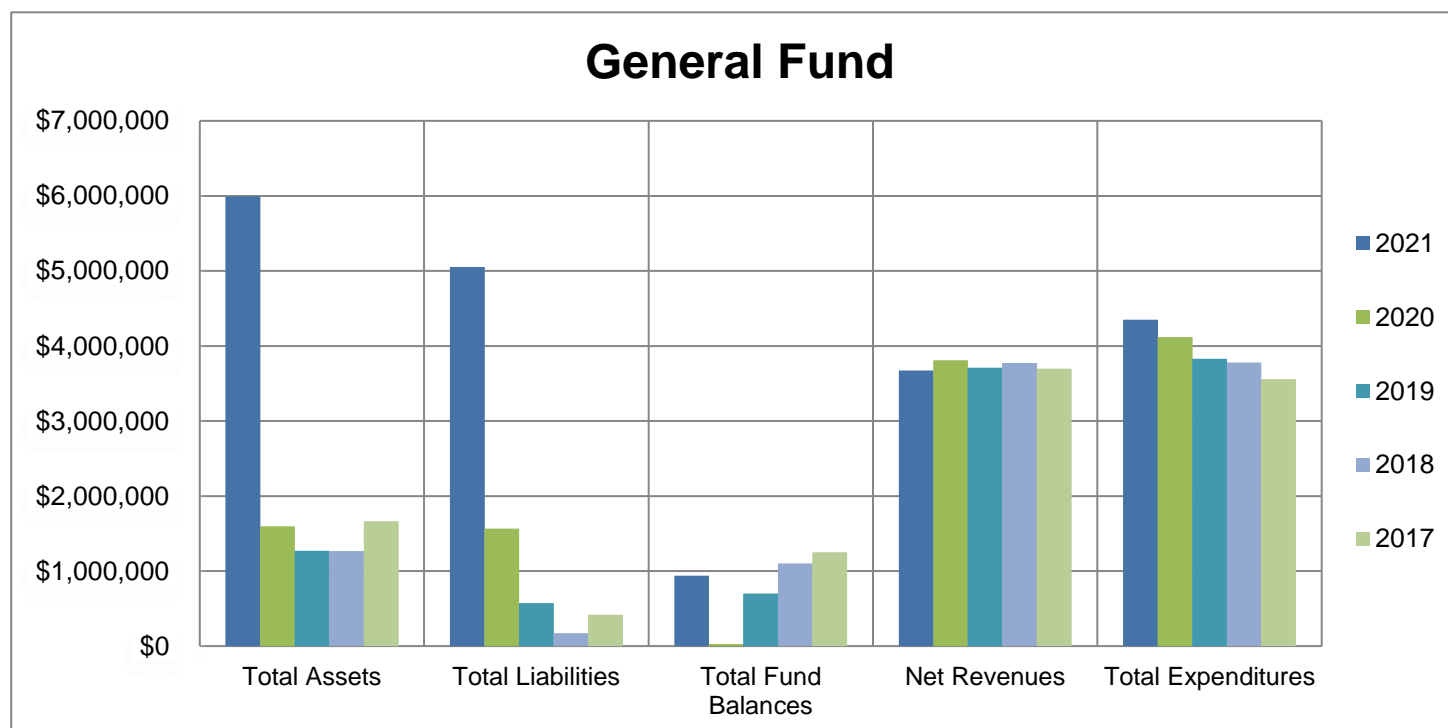
11. Prior Period Adjustments

Prior Period adjustments for tax apportionment errors increased General and Road by \$2,007,548 and \$73,691 and decreased Other Funds in the Aggregate by \$194,305.

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

Schedule 3-1

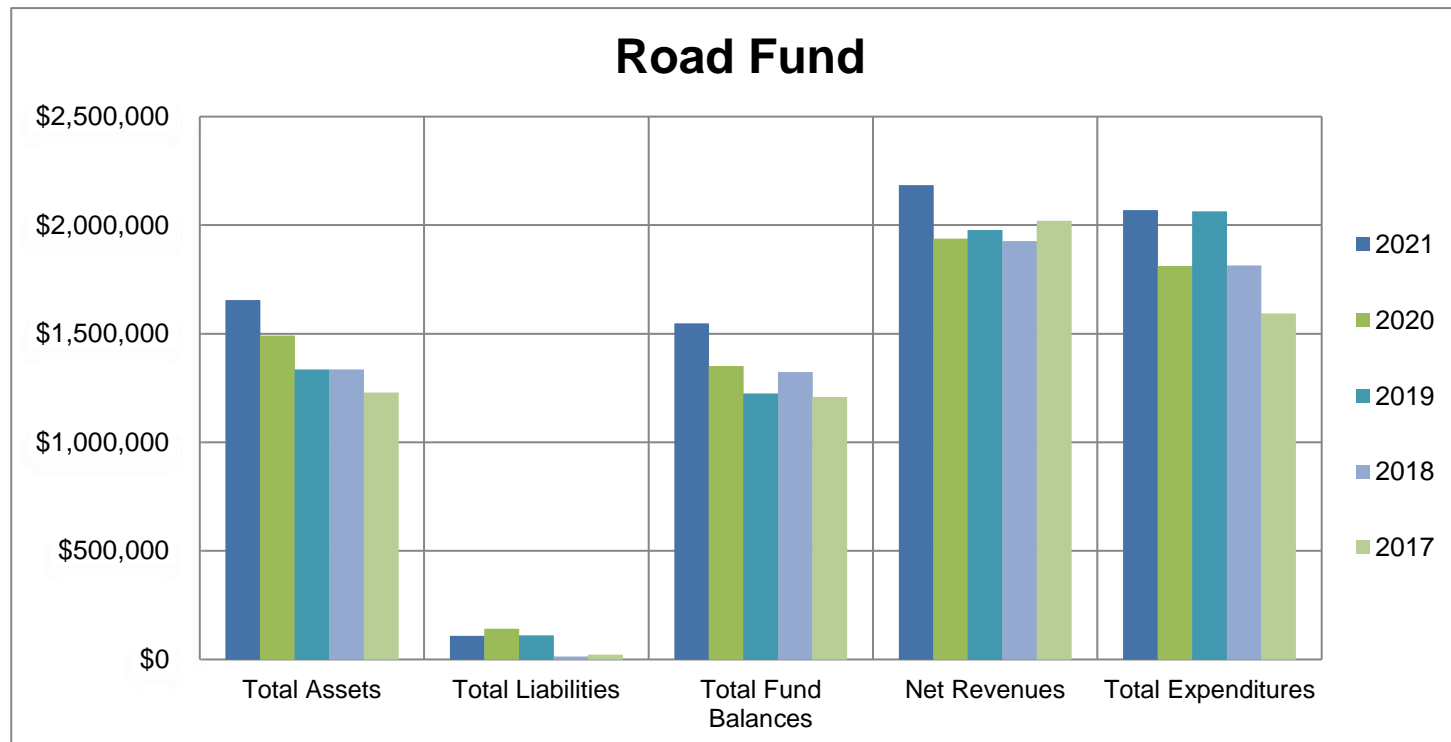
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 5,989,467	\$ 1,592,981	\$ 1,268,636	\$ 1,264,797	\$ 1,663,381
Total Liabilities	5,053,810	1,564,068	571,573	167,388	415,335
Total Fund Balances	935,657	28,913	697,063	1,097,409	1,248,046
Net Revenues	3,671,892	3,805,750	3,709,447	3,774,217	3,696,287
Total Expenditures	4,347,060	4,119,363	3,826,199	3,778,645	3,554,654
Total Other Financing Sources/Uses	(425,636)	(22,850)		(52,827)	(49,726)



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

Schedule 3-2

<u>Road</u>	2021	2020	2019	2018	2017
Total Assets	\$ 1,653,800	\$ 1,490,673	\$ 1,333,931	\$ 1,335,130	\$ 1,228,906
Total Liabilities	107,726	140,372	109,797	12,991	21,174
Total Fund Balances	1,546,074	1,350,301	1,224,134	1,322,139	1,207,732
Net Revenues	2,183,503	1,937,543	1,976,698	1,925,215	2,019,550
Total Expenditures	2,068,521	1,811,476	2,063,143	1,813,881	1,591,902
Total Other Financing Sources/Uses	7,100				



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	2021	2020	2019	2018	2017
Total Assets	\$ 11,560,627	\$ 9,897,942	\$ 7,666,789	\$ 13,713,082	\$ 6,860,176
Total Liabilities	7,520,371	6,547,080	2,855,081	2,656,531	5,097,740
Total Fund Balances	4,040,256	3,350,862	4,811,708	11,056,551	1,762,436
Net Revenues	4,809,353	2,330,387	1,874,941	1,390,630	1,318,567
Total Expenditures	3,941,488	4,145,705	7,947,470	2,612,586	935,231
Total Other Financing Sources/Uses	418,536	22,850	(281,072)	10,532,263	(74,860)

