

**Town of Franklin, Arkansas**

**Financial and Compliance Report**

**December 31, 2021 and 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF FRANKLIN, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

	<u>Schedule</u>
2021	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2020	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2021 and 2020	
Other Information (Unaudited)	5

# Arkansas

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**Sen. Gary Stubblefield**  
Senate Vice Chair



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

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

Town of Franklin, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the Town of Franklin, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated November 9, 2022. These procedures were not performed for the Water Department. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relates to the following officials who held office during 2021 and 2020:

Mayor: Barbara Dusto  
Recorder/Treasurer: Stevie Smith

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

Noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

### Mayor

The minutes of the governing body did not document the review of the findings and recommendations and the action taken by the governing body for the prior report, as required by Ark. Code Ann. § 10-4-418.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas  
November 9, 2022  
LOM306121

TOWN OF FRANKLIN, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 54,494	\$ 136,307
Receipts:		
State aid	3,201	29,706
Federal aid		19,786
Property taxes	5,845	2,425
Franchise fees	7,837	
Sales taxes	33,393	14,311
Interest	137	834
Fire dues		10,355
Other	1,361	900
Transfers in	4,800	
Total Receipts	<u>56,574</u>	<u>78,317</u>
Disbursements:		
General government	42,197	
Highways and streets		94,996
Public safety		18,926
Debt service		3,500
Transfers out		4,800
Contribution to water	4,771	
Total Disbursements	<u>46,968</u>	<u>122,222</u>
Cash Balance, December 31, 2021	<u>\$ 64,100</u>	<u>\$ 92,402</u>

TOWN OF FRANKLIN, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 2

	Street	Fire Department	Fire Department Surplus	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 118,096	\$ 9,772	\$ 8,439		\$ 136,307
Receipts:					
State aid	16,180		13,526		29,706
Federal aid				\$ 19,786	19,786
Property taxes	2,425				2,425
Sales taxes	4,770	9,541			14,311
Interest	827	4	1	2	834
Fire dues		10,355			10,355
Other		900			900
Total Receipts	24,202	20,800	13,527	19,788	78,317
Disbursements:					
Highways and streets	94,996				94,996
Public safety		4,642	14,284		18,926
Debt service		3,500			3,500
Transfers out		4,800			4,800
Total Disbursements	94,996	12,942	14,284		122,222
Cash Balance, December 31, 2021	\$ 47,302	\$ 17,630	\$ 7,682	\$ 19,788	\$ 92,402

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 43,109	\$ 108,867
Receipts:		
State aid	2,938	27,790
Federal aid		2,059
Property taxes	5,144	2,332
Franchise fees	6,029	
Sales taxes	29,599	12,685
Interest	646	1,291
Fire dues		11,708
Other	494	1,400
Transfers in	4,800	
Total Receipts	<u>49,650</u>	<u>59,265</u>
Disbursements:		
General government	34,037	
Highways and streets		3,989
Public safety		19,536
Debt service		3,500
Transfers out		4,800
Contribution to water	4,228	
Total Disbursements	<u>38,265</u>	<u>31,825</u>
Cash Balance, December 31, 2020	<u>\$ 54,494</u>	<u>\$ 136,307</u>

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

Schedule 4

	Street	Fire Department	Fire Department Surplus	Fire Grant	Total
Cash Balance, January 1, 2020	\$ 99,290	\$ 2,710	\$ 4,116	\$ 2,751	\$ 108,867
Receipts:					
State aid	14,947		12,843		27,790
Federal aid				2,059	2,059
Property taxes	2,332				2,332
Sales taxes	4,228	8,457			12,685
Interest	1,288	2	1		1,291
Fire dues		11,708			11,708
Other		1,400			1,400
Total Receipts	22,795	21,567	12,844	2,059	59,265
Disbursements:					
Highways and streets	3,989				3,989
Public safety		6,205	8,521	4,810	19,536
Debt service		3,500			3,500
Transfers out		4,800			4,800
Total Disbursements	3,989	14,505	8,521	4,810	31,825
Cash Balance, December 31, 2020	\$ 118,096	\$ 9,772	\$ 8,439	\$ 0	\$ 136,307

TOWN OF FRANKLIN, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(UNAUDITED)

Schedule 5

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

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

	December 31, 2021	December 31, 2020
Land	\$ 29,000	\$ 24,000
Buildings	66,200	66,200
Equipment	140,684	139,115
Totals	<u>\$ 235,884</u>	<u>\$ 229,315</u>

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

	December 31, 2020
Notes payable	<u>\$ 3,500</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 19,786</u>