

Franklin County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



FRANKLIN COUNTY, ARKANSAS
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of Franklin County, Arkansas (County), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, road fund, and other funds in the aggregate as of December 31, 2022, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas, as of December 31, 2022; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and road fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022 the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
January 11, 2024
LOCO02422

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Franklin County, Arkansas (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated January 11, 2024. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the County in a separate letter dated January 11, 2024.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
January 11, 2024

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT
MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2022:

County Judge: Rickey Bowman
Treasurer: Shelly Wilson
Sheriff: Rickey Denton
Tax Collector: Amy Harris
County Clerk: Tammy Sisson
Circuit Clerk: Janice King
Assessor: Cathy Bennett (Resigned November 30, 2022)
Vacant (December 1, 2022 through December 31, 2022)
County Librarian: Deidre Fears (Ozark) (resigned July 1, 2022)
Brianna Lamb (Ozark) (appointed July 25, 2022)
Hannah Gillelan (Charleston)

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

Sheriff

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

- The balances remaining in the Ozark and Charleston accounts of \$287,228 and \$7,584, respectively, were not identified.
- Cash receipts journals were not properly prepared, in noncompliance with Ark. Code Ann. § 14-25-112.
- Bank reconciliations were not always properly prepared for the Charleston account, in noncompliance with Ark. Code Ann. § 14-25-107.
- Installment fees were not properly assessed and remitted to the Department of Finance and Administration and the County Treasurer's Circuit Clerk's Automation Fund, in noncompliance with Ark. Code Ann. § 16-13-704.
- Installment payment records were not properly maintained and made available for inspection.
- For one defendant tested, the appearance bond collected in the amount of \$500, was not applied to the financial obligation of the defendant, in noncompliance with the Judge's sentencing order.

A similar finding was noted in the previous report.

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

- The Commissary account ending bank balance was not properly reconciled to the ending book balance, and the ending book balance was incorrect by \$52,492, in noncompliance with Ark. Code Ann. § 14-25-107. A similar finding was noted in the previous report.
- Receipt ranges were not always indicated on deposit slips.

The following items were noted in an analysis of the Sheriff's Radio Communication and Equipment account:

- Bank reconciliations were not always properly prepared, in noncompliance with Ark. Code Ann. § 14-25-107.
- Cash receipts and disbursements journals were not properly prepared, in noncompliance with Ark. Code Ann. § 14-25-112.
- Adequate supporting documentation was not always maintained for disbursements.

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

- Bank reconciliations were not always properly prepared, in noncompliance with Ark. Code Ann. § 14-25-107. A similar finding was noted in the previous report.
- Cash receipts and disbursements journals were not properly prepared, in noncompliance with Ark. Code Ann. § 14-25-112.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Timothy R. Jones". The signature is fluid and cursive, with the first name "Timothy" being more prominent.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
January 11, 2024

FRANKLIN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,820,712	\$ 2,436,074	\$ 5,436,317
Investments			67,722
Accounts receivable	142,539	365	79,255
Interfund receivables	8,295		
	<u>2,971,546</u>	<u>2,436,439</u>	<u>5,583,294</u>
TOTAL ASSETS	<u>\$ 2,971,546</u>	<u>\$ 2,436,439</u>	<u>\$ 5,583,294</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 42,379	\$ 70,921	\$ 167,183
Interfund payables			8,295
Settlements pending			638,269
Total Liabilities	<u>42,379</u>	<u>70,921</u>	<u>813,747</u>
Fund Balances:			
Restricted	44,096	2,365,518	4,769,547
Assigned	348		
Unassigned	2,884,723		
Total Fund Balances	<u>2,929,167</u>	<u>2,365,518</u>	<u>4,769,547</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,971,546</u>	<u>\$ 2,436,439</u>	<u>\$ 5,583,294</u>

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

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 726,975	\$ 1,848,856	\$ 161,795
Federal aid	464,921	313,334	2,183,496
Property taxes	1,315,308	701,861	556,325
Sales taxes	964,453	396,009	2,274,439
Fines, forfeitures, and costs	552,163		96,512
Interest	6,487	6,886	20,894
Officers' fees	130,455		54,983
Jail fees	393,520		52,720
911 fees			309,123
Ambulance fees			1,160,529
Airport rental and fuel sales			45,514
Net increase (decrease) in the fair value of investments			(17,558)
Treasurer's commission	176,868		19,307
Collector's commission	251,793		58,020
Taxes apportioned - Assessor's salary and expense	333,888		
Other	421,838	37,172	83,878
TOTAL REVENUES	5,738,669	3,304,118	7,059,977
Less: Treasurer's commission	76,205	66,185	20,876
NET REVENUES	5,662,464	3,237,933	7,039,101
EXPENDITURES			
Current:			
General government	2,187,130		99,631
Law enforcement	2,407,413		214,457
Highways and streets		3,544,584	
Public safety	139,455		769,285
Health	25,869		2,032,523
Recreation and culture	875		558,208
Social services	94,638		275,445
Airport			352,864
Total Current	4,855,380	3,544,584	4,302,413
Debt Service:			
Bond principal			780,000
Bond interest and other charges			226,523
Financed purchase principal	77,199	136,035	31,032
Financed purchase interest	9,458	8,071	2,293
TOTAL EXPENDITURES	4,942,037	3,688,690	5,342,261

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 720,427	\$ (450,757)	\$ 1,696,840
OTHER FINANCING SOURCES (USES)			
Transfers in			165,447
Transfers out	(18,825)		(146,622)
TOTAL OTHER FINANCING SOURCES (USES)	(18,825)		18,825
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	701,602	(450,757)	1,715,665
FUND BALANCES - JANUARY 1	2,227,565	2,816,275	3,053,882
FUND BALANCES - DECEMBER 31	\$ 2,929,167	\$ 2,365,518	\$ 4,769,547

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

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 565,093	\$ 726,975	\$ 161,882	\$ 1,553,464	\$ 1,848,856	\$ 295,392
Federal aid	75,500	464,921	389,421	285,580	313,334	27,754
Property taxes	1,287,250	1,315,308	28,058	584,600	701,861	117,261
Sales taxes	750,000	964,453	214,453	335,000	396,009	61,009
Fines, forfeitures, and costs	512,500	552,163	39,663			
Interest	1,300	6,487	5,187	1,700	6,886	5,186
Officers' fees	120,000	130,455	10,455			
Jail fees	280,000	393,520	113,520			
Treasurer's commission	192,179	176,868	(15,311)			
Collector's commission	250,000	251,793	1,793			
Taxes apportioned - Assessor's salary and expense	275,000	333,888	58,888			
Other	355,791	421,838	66,047	13,509	37,172	23,663
TOTAL REVENUES	4,664,613	5,738,669	1,074,056	2,773,853	3,304,118	530,265
Less: Treasurer's commission		76,205	(76,205)		66,185	(66,185)
NET REVENUES	4,664,613	5,662,464	997,851	2,773,853	3,237,933	464,080
EXPENDITURES						
Current:						
General government	2,371,867	2,187,130	184,737			
Law enforcement	2,704,023	2,407,413	296,610			
Highways and streets				4,341,675	3,544,584	797,091
Public safety	158,942	139,455	19,487			
Health	89,769	25,869	63,900			
Recreation and culture	875	875	0			
Social services	99,961	94,638	5,323			
Total Current	5,425,437	4,855,380	570,057	4,341,675	3,544,584	797,091
Debt Service:						
Financed purchase principal		77,199	(77,199)		136,035	(136,035)
Financed purchase interest		9,458	(9,458)		8,071	(8,071)
TOTAL EXPENDITURES	5,425,437	4,942,037	483,400	4,341,675	3,688,690	652,985

FRANKLIN COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (760,824)</u>	<u>\$ 720,427</u>	<u>\$ 1,481,251</u>	<u>\$ (1,567,822)</u>	<u>\$ (450,757)</u>	<u>\$ 1,117,065</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,798		(16,798)			
Transfers out	<u>(18,825)</u>	<u>(18,825)</u>	<u>0</u>			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,027)</u>	<u>(18,825)</u>	<u>(16,798)</u>			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(762,851)	701,602	1,464,453	(1,567,822)	(450,757)	1,117,065
FUND BALANCES - JANUARY 1	<u>1,185,598</u>	<u>2,227,565</u>	<u>1,041,967</u>	<u>2,822,954</u>	<u>2,816,275</u>	<u>(6,679)</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 422,747</u></u>	<u><u>\$ 2,929,167</u></u>	<u><u>\$ 2,506,420</u></u>	<u><u>\$ 1,255,132</u></u>	<u><u>\$ 2,365,518</u></u>	<u><u>\$ 1,110,386</u></u>

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation - Regulatory

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

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

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

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

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

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

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

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

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

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

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

In 2022, the County implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other operating funds.

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year end.

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,118,169	\$ 1,172,085
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	8,880,628	9,389,029
Uncollateralized	693,045	693,045
Total Deposits	<u>\$ 10,691,842</u>	<u>\$ 11,254,159</u>

The above total deposits do not include cash on hand of \$1,261.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial risk. As of December 31, 2022, \$693,045 of the County's bank balances were exposed to custodial risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

<u>Fund Type</u>	<u>December 31, 2022</u> <u>Fair Value</u>
County Library	<u>\$ 67,722</u>

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

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

The County's investments are composed of the following:

<u>December 31, 2022</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Investments</u> <u>Level I</u>
<u>Investment Type</u>	
Common Stock	<u>\$ 67,722</u>

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2022, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 10,765		\$ 29,904
Fines, forfeitures, and costs	33,524		5,529
Interest	200		
Officers' fees	9,605		5,450
Jail fees	11,378		3,349
911 fees			5,444
Ambulance fees			29,579
Other	<u>77,067</u>	<u>\$ 365</u>	
Totals	<u>\$ 142,539</u>	<u>\$ 365</u>	<u>\$ 79,255</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2022, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 42,379</u>	<u>\$ 70,921</u>	<u>\$ 167,183</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund	\$ 8,295	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Miscellaneous Grant		<u>\$ 8,295</u>
	<u>\$ 8,295</u>	<u>\$ 8,295</u>

Interfund receivables and payables consist of interfund loans. These balances are expected to be repaid during 2024.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 2,349,859
Law enforcement	\$ 44,096		186,570
Highways and streets		\$ 2,365,518	
Public safety			154,133
Health			1,029,341
Recreation and culture			271,965
Social services			15,000
Airport			69,634
Debt service			693,045
Total Restricted	<u>44,096</u>	<u>2,365,518</u>	<u>4,769,547</u>
Assigned to:			
Public safety	<u>348</u>		
Unassigned	<u>2,884,723</u>		
Totals	<u>\$ 2,929,167</u>	<u>\$ 2,365,518</u>	<u>\$ 4,769,547</u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for bonded debt was \$25,276,519. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2022, the legal debt limit for short-term financing obligations was \$8,162,392. The amount of short-term financing obligations was \$768,993 leaving a legal debt margin of \$7,393,399.

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 7,187,357
Leases	391,016
Reappraisal contract	467,200
Construction contract	<u>416,768</u>
Total Commitments	<u>\$ 8,462,341</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	<u>December 31, 2022</u>
<u>Bonds</u>	
Sales and Use Tax Bonds, dated December 1, 2018, in the amount of \$8,750,000, for the purpose of financing the cost of a new jail facility; annual installments of \$135,000 to \$510,000 due on December 1 beginning in 2018 through December 2042; interest at 2% to 3.60% due June 1 and December 1 beginning in 2018. Payments are to be made from the Debt Service Fund.	<u>\$ 6,175,000</u>
<u>Direct Borrowings</u>	
Financed purchase from the Bank OZK dated March 26, 2019, in the amount of \$160,166, to finance the Library construction project, 60 monthly payments of \$2,777 through March 2024, interest imputed at 4.95%. Payments to be made from the Library Fund.	28,428
Financed purchase from Bank OZK dated October 8, 2020, in the amount of \$342,993, to purchase ten Dodge Ram 1500 trucks and one Dodge Durango Truck, 60 monthly payments of \$6,324 through October 2025, interest imputed at 3.99%. Payments to be made from the General Fund.	202,072
Financed purchase from Bank OZK dated June 6, 2021, in the amount of \$134,852, to purchase a 2021 Mack Truck and 2019 Viking Trailer, 60 monthly payments of \$2,438 through June 2026, interest imputed at 3.20%. Payments to be made from the Road Fund.	96,662
Financed purchase agreement with Deere Credit, Inc. dated November 29, 2021, in the amount of \$561,316 for three 2019 John Deere Motor Graders. Terms of the financed purchase are monthly payments of \$9,571 for 60 months through November 2026, interest imputed at 0.900%. Payments to be made from the Road Fund.	<u>441,831</u>
Total Direct Borrowings	<u>768,993</u>
Arkansas District Judge's Retirement - Based on a 20-year level amortization of the unfunded pension liability of the former plan for district judges and court clerks. Payments to be made from the General Fund.	75,543
Compensated absences consisting of accrued paid time off and compensation time adjusted to current salary cost	<u>167,821</u>
Total Long-term liabilities	<u>\$ 7,187,357</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 \$6,175,000 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 financed purchases from direct borrowings of \$768,993 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.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2022</u>	<u>Maturities to December 31, 2022</u>
<u>Bonds</u>					
12/1/18	12/1/42	2% - 3.60%	\$ 8,750,000	\$ 6,175,000	\$ 2,575,000
<u>Direct Borrowings</u>					
3/26/19	3/26/24	4.95%	160,166	28,428	131,738
10/8/20	10/22/25	3.99%	342,993	202,072	140,921
6/6/21	6/10/26	3.20%	134,852	96,662	38,190
11/29/21	11/26/26	0.90%	561,316	441,831	119,485
Total Direct Borrowings			<u>1,199,327</u>	<u>768,993</u>	<u>430,334</u>
Total Long-Term Debt			<u>\$ 9,949,327</u>	<u>\$ 6,943,993</u>	<u>\$ 3,005,334</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2022</u>
Bonds payable	\$ 6,955,000	\$ 0	\$ 780,000	\$ 6,175,000
<u>Direct Borrowings</u>				
Financed purchases	<u>1,013,259</u>	<u>0</u>	<u>244,266</u>	<u>768,993</u>
Total Long-Term Debt	<u>\$ 7,968,259</u>	<u>\$ 0</u>	<u>\$ 1,024,266</u>	<u>\$ 6,943,993</u>

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2022:

<u>Years Ending December 31,</u>	<u>Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 800,000	\$ 197,401	\$ 997,401	\$ 235,257	\$ 13,852	\$ 249,109
2024	285,000	176,711	461,711	211,532	8,462	219,994
2025		169,942	169,942	202,915	3,593	206,508
2026		169,943	169,943	119,289	609	119,898
2027	905,000	169,943	1,074,943			
2028 through 2032	990,000	657,744	1,647,744			
2033 through 2037	2,715,000	418,456	3,133,456			
2038 through 2042	<u>480,000</u>	<u>86,400</u>	<u>566,400</u>			
Totals	<u>\$ 6,175,000</u>	<u>\$ 2,046,540</u>	<u>\$ 8,221,540</u>	<u>\$ 768,993</u>	<u>\$ 26,516</u>	<u>\$ 795,509</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Leases

The County entered into a noncancellable lease agreement for a Kobelco Excavator, Strickland Bucket, and Strickland Hydraulic Thumb on February 4, 2021. Terms of the lease are monthly rental payments of \$2,912 for 60 months. At the end of the lease term, the County may choose to purchase the item of equipment by paying the purchase option price plus applicable taxes and other charges due.

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

Year	December 31, 2022
2023	\$ 112,989
2024	112,989
2025	113,004
2026	52,034
Total	<u>\$ 391,016</u>

Lease expense for 2022, was \$ 128,373 .

County-Wide Reappraisal Contract

The County entered into a contract with AR CAMA Tech. Inc. on November 22, 2021, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$9,733 for a total of \$584,000 beginning February 1, 2022. Contract expense for 2022, was \$116,800.

The County is obligated for the following amounts at December 31, 2022:

Year	December 31, 2022
2023	\$ 116,800
2024	116,800
2025	116,800
2026	116,800
Total	<u>\$ 467,200</u>

Construction Contract

The County was contractually obligated for the following construction contracts at December 31, 2022:

Project Name	Completion Date	Contract Balance December 31, 2022
Ozark-Franklin County Airport runway and taxiway lighting reconstruction and beacon rehabilitation project	May 12, 2023	<u>\$ 416,768</u>

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 11: Interfund Transfers

General Fund transferred \$18,825 to Other Funds in the Aggregate (Public Defender) to supplement operations. Within the Other Funds in the Aggregate Jail Construction Fund transferred \$146,622 to the Sales and Use Tax Bond Fund, Series 2017 in order to close the fund, in accordance with the bond agreement.

NOTE 12: Subsequent Events

On July 20, 2023, the County entered into a contract with Legacy Construction Management, Inc. for the construction of a new EMS building, in the amount of \$1,794,000.

On September 14, 2023, the County entered into an Investment Grade Audit and Energy Performance Contract with Clear Energy Solutions, LLC. for the installation of a solar array on land owned by the County, in the amount of \$652,785.

On November 30, 2023, the County obtained a line of credit from Bank OZK, in the amount of \$750,000, for the construction of a new EMS building.

NOTE 13: Pledged Revenues

The County pledged future .50% sales and use taxes to repay \$8,750,000 in bonds that were issued in 2018 to provide funding for the construction of a new jail. Total principal and interest remaining on the bonds are \$6,175,000 and \$2,046,540, respectively, payable through December 1, 2042. For 2022, principal and interest paid were \$780,000 and \$226,523, respectively.

The Debt Service Fund received \$900,622 in sales taxes in 2022. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose.

NOTE 14: Joint Venture: Arkansas River Valley Regional Library System

Franklin, Logan, and Yell Counties entered into an agreement in July 1985 in accordance with Ark. Code Ann. § 13-2-401 to establish the Arkansas River Valley Regional Library Commission. The agreement states that the Regional Library Board shall employ a regional librarian approved by the Arkansas Library Commission. County and branch personnel shall be recommended by the County Library Board and shall be employed only after approval by the regional librarian and the Arkansas Library Commission with such salaries to be paid from the county funds. The County Library paid \$121,850 for regional library expenditures in 2022. Separate financial statements of the Arkansas River Valley Regional Library are not available.

NOTE 15: Jointly Governed Organizations

Western River Valley Solid Waste Management District

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

Fifth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Franklin, Johnson, and Pope Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Fifth Judicial District Drug Task are not available. The County did not contribute any funding to the Fifth Judicial District Drug Task Force in 2022.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 16: Interlocal Agreements

Sebastian County Regional Crisis Stabilization Unit

The County entered into an interlocal agreement dated August 16, 2018, with the counties and cities in the Sebastian County mental health catchment area, including Sebastian, Crawford, Franklin, Logan, Scott, and Polk Counties and all incorporated cities in these counties, concerning the operations of the Sebastian County Regional Crisis Stabilization Unit. This program will be utilized by the counties and cities to divert people who are experiencing a mental health crisis from jail to get the treatment they need, as determined by the medical service provider who is trained to recognize and treat behavioral-health issues. The program shall be maintained by the Sebastian County Judge. State funding of \$1.6 million annually has been allocated for Sebastian County to operate the crisis stabilization unit based upon daily billable services to each individual treated and subject to Medicaid reimbursements and other patient insurance. Sebastian County will initially pay all expenses incurred for operations and management of the program. The counties and cities will participate in a cost sharing agreement based on the cost per day for services for each patient, which will be determined by actual operations expenses. The cost sharing will equitably allocate the unreimbursed cost to each governmental entity participating in the program, after consideration of grant funding and allowable insurance reimbursements. The cost sharing agreement will be based upon the collection of actual operations data in the first year of service, and each year thereafter, as appropriate for annual adjustment. In addition, to defray maintenance and operation costs the counties and cities agree to pay a daily rate of \$5 for services provided each day of care, for the length of stay. Sebastian County had planned to send a monthly itemized bill to each county and city, beginning August 1, 2018, to receive reimbursement for each counties and cities equitable share of expenses. However, Sebastian County has not billed the counties or cities for costs as of January 11, 2024.

Altus District Court

Franklin County and the City of Altus entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court - Altus Division's position of Deputy District Court Clerk. This agreement was entered into on December 10, 2020. The City of Altus contributed \$5,500 to Franklin County in 2022.

Charleston District Court

Franklin County and the City of Charleston entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court - Charleston Division's position of Chief Deputy District Court Clerk. This agreement was entered into on March 30, 2022. The City of Charleston contributed \$10,000 to Franklin County in 2022.

Ozark District Court

Franklin County and the City of Ozark entered into an agreement concerning the sharing of costs related to the operation of the Franklin County District Court - Ozark Division. This agreement was entered into on December 10, 2020. The City shall split the cost of all business operations, which shall include salaries, utilities, office related expenses and benefits on a 50% sharing ratio. The City of Ozark contributed \$138,836 to Franklin County in 2022.

District Court Judge

Franklin County, Johnson County and the Cities of Clarksville, Lamar, Coal Hill, Ozark, Charleston, and Altus entered into an agreement to provide for a District Judge's annual salary to be paid 50% by the state and the remaining 50% to be paid 28.6% by Johnson County, 29.6% by Clarksville, 4% by Lamar, 4% by Coal Hill, 14.6 % by Franklin County, 1.8% by Altus, 12.2% by Ozark, and 5.2% by Charleston. The Judge is an employee of the State of Arkansas and is elected by a four-year term. The County's portion for December 31, 2022 was \$8,563.

Police Department Dispatch Fees

Franklin County and the City of Ozark entered into an agreement concerning the sharing of costs related to the operation of Police Department Dispatch Fees. This agreement was entered into on January 1, 2020. The City of Ozark contributed \$30,500 to Franklin County in 2022.

Ozark Public School District

Franklin County and the Ozark Public School District entered into an agreement in 2013 concerning the collaborative efforts to provide a safe and healthy school environment for the students, staff, faculty, and visitors. During 2022, the County received \$49,342 in reimbursements from the Ozark Public School District for the salaries of the School Resource Officer. Effective upon this agreement, the salary of the School Resource Officer is funded by the Ozark Public School District.

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 17: Hospital Agreement

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

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

NOTE 18: Risk Management

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

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

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

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

Vehicle Program

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

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

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 19: 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. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. 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, 2022, (date of APERS Employer Allocation Report) were \$668,504.

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, 2022, (actuarial valuation date and measurement date) was \$5,628,873.

NOTE 20: 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 2021, the County was awarded \$3,440,931 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$3,440,931 of this amount has been received. In 2022, the County was awarded \$772,512 in federal aid from the Local Assistance and Tribal Consistency Fund, which was a part of the American Rescue Plan Act of 2021. In 2022 and 2023, the County received funds in the amount of \$386,256 and \$386,256, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	Recorder's Cost	County Library
ASSETS								
Cash and cash equivalents	\$ 63,374	\$ 396,560	\$ 41,460	\$ 1,647	\$ 69,039	\$ 30,439	\$ 90,844	\$ 212,028
Investments								67,722
Accounts receivable			178			1,379	2,716	
TOTAL ASSETS	<u>\$ 63,374</u>	<u>\$ 396,560</u>	<u>\$ 41,638</u>	<u>\$ 1,647</u>	<u>\$ 69,039</u>	<u>\$ 31,818</u>	<u>\$ 93,560</u>	<u>\$ 279,750</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 4,204	\$ 225	\$ 50			\$ 242	\$ 1,038	\$ 7,785
Interfund payables								
Settlements pending								
Total Liabilities	<u>4,204</u>	<u>225</u>	<u>50</u>			<u>242</u>	<u>1,038</u>	<u>7,785</u>
Fund Balances:								
Restricted	<u>59,170</u>	<u>396,335</u>	<u>41,588</u>	<u>\$ 1,647</u>	<u>\$ 69,039</u>	<u>31,576</u>	<u>92,522</u>	<u>271,965</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 63,374</u>	<u>\$ 396,560</u>	<u>\$ 41,638</u>	<u>\$ 1,647</u>	<u>\$ 69,039</u>	<u>\$ 31,818</u>	<u>\$ 93,560</u>	<u>\$ 279,750</u>

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							
	Child Support Cost	Sheriff's Communication Facility and Equipment	Special County Jail Expenditure (Jail Operation and Maintenance)	County Emergency Rescue (Boating Safety)	Emergency 911	Emergency Medical Services	Public Defender	District Court Probation
ASSETS								
Cash and cash equivalents	\$ 10,401	\$ 40,361	\$ 41,322	\$ 6,816	\$ 145,599	\$ 410,509	\$ 1,686	\$ 12,635
Investments								
Accounts receivable	1,355	2,764	4,961		5,444	29,579		975
TOTAL ASSETS	<u>\$ 11,756</u>	<u>\$ 43,125</u>	<u>\$ 46,283</u>	<u>\$ 6,816</u>	<u>\$ 151,043</u>	<u>\$ 440,088</u>	<u>\$ 1,686</u>	<u>\$ 13,610</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 7,367		\$ 3,726	\$ 14,026		
Interfund payables								
Settlements pending								
Total Liabilities			<u>7,367</u>		<u>3,726</u>	<u>14,026</u>		
Fund Balances:								
Restricted	<u>\$ 11,756</u>	<u>\$ 43,125</u>	<u>38,916</u>	<u>\$ 6,816</u>	<u>147,317</u>	<u>426,062</u>	<u>\$ 1,686</u>	<u>\$ 13,610</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,756</u>	<u>\$ 43,125</u>	<u>\$ 46,283</u>	<u>\$ 6,816</u>	<u>\$ 151,043</u>	<u>\$ 440,088</u>	<u>\$ 1,686</u>	<u>\$ 13,610</u>

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

SPECIAL REVENUE FUNDS							
	Adult Drug Court	Juvenile Probation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital Tax (Special Sales Tax)	Ozark-Franklin County Airport
ASSETS							
Cash and cash equivalents	\$ 6,692	\$ 39,966	\$ 3,771	\$ 5,201	\$ 1,673,926	\$ 731,093	\$ 69,634
Investments							
Accounts receivable						\$ 29,904	
TOTAL ASSETS	<u>\$ 6,692</u>	<u>\$ 39,966</u>	<u>\$ 3,771</u>	<u>\$ 5,201</u>	<u>\$ 1,673,926</u>	<u>\$ 731,093</u>	<u>\$ 69,634</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 623	\$ 37				\$ 127,814	\$ 46
Interfund payables							8,295
Settlements pending							
Total Liabilities	<u>623</u>	<u>37</u>				<u>127,814</u>	<u>8,341</u>
Fund Balances:							
Restricted	<u>6,069</u>	<u>39,929</u>	<u>\$ 3,771</u>	<u>\$ 5,201</u>	<u>\$ 1,673,926</u>	<u>603,279</u>	<u>\$ 69,634</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,692</u>	<u>\$ 39,966</u>	<u>\$ 3,771</u>	<u>\$ 5,201</u>	<u>\$ 1,673,926</u>	<u>\$ 731,093</u>	<u>\$ 69,634</u>

FRANKLIN COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	DEBT SERVICE FUND	CUSTODIAL FUNDS					
	Sales and Use Tax Bond Fund, Series 2017	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 693,045	\$ 68,911	\$ 98,318	\$ 336,056	\$ 61,082	\$ 73,902	\$ 5,436,317
Investments							67,722
Accounts receivable							79,255
TOTAL ASSETS	<u>\$ 693,045</u>	<u>\$ 68,911</u>	<u>\$ 98,318</u>	<u>\$ 336,056</u>	<u>\$ 61,082</u>	<u>\$ 73,902</u>	<u>\$ 5,583,294</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 167,183
Interfund payables							8,295
Settlements pending		\$ 68,911	\$ 98,318	\$ 336,056	\$ 61,082	\$ 73,902	638,269
Total Liabilities		<u>68,911</u>	<u>98,318</u>	<u>336,056</u>	<u>61,082</u>	<u>73,902</u>	<u>813,747</u>
Fund Balances:							
Restricted	<u>\$ 693,045</u>						<u>4,769,547</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 693,045</u>	<u>\$ 68,911</u>	<u>\$ 98,318</u>	<u>\$ 336,056</u>	<u>\$ 61,082</u>	<u>\$ 73,902</u>	<u>\$ 5,583,294</u>

FRANKLIN COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	Recorder's Cost	County Library
REVENUES								
State aid					\$ 6,436			\$ 61,696
Federal aid								
Property taxes								554,708
Sales taxes								
Fines, forfeitures, and costs			\$ 708					
Interest	\$ 173	\$ 924	111		198	\$ 80	\$ 236	493
Officers' fees						10,669	38,859	
Jail fees								
911 fees								
Ambulance fees								
Airport rental and fuel sales								
Net increase (decrease) in the fair value of investments								(17,558)
Treasurer's commission	19,307							
Collector's commission		58,020						
Other		106	1		5	7	30	9,205
TOTAL REVENUES	19,480	59,050	820		6,639	10,756	39,125	608,544
Less: Treasurer's commission	4	21	13		133	194	819	12,018
NET REVENUES	19,476	59,029	807		6,506	10,562	38,306	596,526
EXPENDITURES								
Current:								
General government	18,115	37,771			5,019	6,454	24,266	
Law enforcement			1,930	\$ 750				
Public safety								
Health								
Recreation and culture								558,208
Social services								
Airport								
Total Current	18,115	37,771	1,930	750	5,019	6,454	24,266	558,208
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchase principal								31,032
Financed purchase interest								2,293
TOTAL EXPENDITURES	18,115	37,771	1,930	750	5,019	6,454	24,266	591,533
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,361	21,258	(1,123)	(750)	1,487	4,108	14,040	4,993
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	1,361	21,258	(1,123)	(750)	1,487	4,108	14,040	4,993
FUND BALANCES - JANUARY 1	57,809	375,077	42,711	2,397	67,552	27,468	78,482	266,972
FUND BALANCES - DECEMBER 31	\$ 59,170	\$ 396,335	\$ 41,588	\$ 1,647	\$ 69,039	\$ 31,576	\$ 92,522	\$ 271,965

FRANKLIN COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS							
	Child Support Cost	Sheriff's Communication Facility and Equipment	Special County Jail Expenditure (Jail Operation and Maintenance)	County Emergency Rescue (Boating Safety)	Emergency 911	Emergency Medical Services	Public Defender	District Court Probation
REVENUES								
State aid				\$ 1,413	\$ 28,000	\$ 19,346		
Federal aid								
Property taxes								
Sales taxes					100,403	416,200		
Fines, forfeitures, and costs			\$ 65,251				\$ 10,506	\$ 17,612
Interest	\$ 28	\$ 91	118	20	479	908	10	31
Officers' fees	1,859	2,261						
Jail fees		45,997	6,723					
911 fees					309,123			
Ambulance fees						1,160,529		
Airport rental and fuel sales								
Net increase (decrease) in the fair value of investments								
Treasurer's commission								
Collector's commission								
Other		3,327	71	1	41,472	22,771	8	
TOTAL REVENUES	1,887	51,676	72,163	1,434	479,477	1,619,754	10,524	17,643
Less: Treasurer's commission	11		1,442	29	5,904		210	
NET REVENUES	1,876	51,676	70,721	1,405	473,573	1,619,754	10,314	17,643
EXPENDITURES								
Current:								
General government	510							
Law enforcement		35,911	71,628				28,815	12,161
Public safety				3,831	603,353			
Health						1,526,357		
Recreation and culture								
Social services								
Airport								
Total Current	510	35,911	71,628	3,831	603,353	1,526,357	28,815	12,161
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchase principal								
Financed purchase interest								
TOTAL EXPENDITURES	510	35,911	71,628	3,831	603,353	1,526,357	28,815	12,161
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,366	15,765	(907)	(2,426)	(129,780)	93,397	(18,501)	5,482
OTHER FINANCING SOURCES (USES)								
Transfers in							18,825	
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)							18,825	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,366	15,765	(907)	(2,426)	(129,780)	93,397	324	5,482
FUND BALANCES - JANUARY 1	10,390	27,360	39,823	9,242	277,097	332,665	1,362	8,128
FUND BALANCES - DECEMBER 31	\$ 11,756	\$ 43,125	\$ 38,916	\$ 6,816	\$ 147,317	\$ 426,062	\$ 1,686	\$ 13,610

FRANKLIN COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS							
	Adult Drug Court	Juvenile Probation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital Tax (Special Sales Tax)	Miscellaneous Grant	Ozark-Franklin County Airport
REVENUES								
State aid							\$ 44,904	
Federal aid					\$ 1,720,466		443,030	\$ 20,000
Property taxes				\$ 1,617				
Sales taxes						\$ 855,287		1,927
Fines, forfeitures, and costs	\$ 2,400	\$ 35						
Interest	18	108	\$ 10	13	3,925	1,413		
Officers' fees		1,230	105					
Jail fees								
911 fees								
Ambulance fees								
Airport rental and fuel sales								45,514
Net increase (decrease) in the fair value of investments								
Treasurer's commission								
Collector's commission								
Other	2	2				491	6,321	58
TOTAL REVENUES	2,420	1,375	115	1,630	1,724,391	857,191	494,255	67,499
Less: Treasurer's commission	48	28	2					
NET REVENUES	2,372	1,347	113	1,630	1,724,391	857,191	494,255	67,499
EXPENDITURES								
Current:								
General government					61		7,435	
Law enforcement	2,409	5,063				43,396		
Public safety					162,101			
Health					15,945	490,221		
Recreation and culture								
Social services					35,000	73,230	167,215	
Airport							299,035	53,829
Total Current	2,409	5,063			213,107	606,847	473,685	53,829
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchase principal								
Financed purchase interest								
TOTAL EXPENDITURES	2,409	5,063			213,107	606,847	473,685	53,829
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(37)	(3,716)	113	1,630	1,511,284	250,344	20,570	13,670
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	(37)	(3,716)	113	1,630	1,511,284	250,344	20,570	13,670
FUND BALANCES - JANUARY 1	6,106	43,645	3,658	3,571	162,642	352,935	993	55,964
FUND BALANCES - DECEMBER 31	\$ 6,069	\$ 39,929	\$ 3,771	\$ 5,201	\$ 1,673,926	\$ 603,279	\$ 21,563	\$ 69,634

FRANKLIN COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
	Jail Construction	Sales and Use Tax Bond Fund, Series 2017	Totals
REVENUES			
State aid			\$ 161,795
Federal aid			2,183,496
Property taxes			556,325
Sales taxes		\$ 900,622	2,274,439
Fines, forfeitures, and costs			96,512
Interest	\$ 60	11,447	20,894
Officers' fees			54,983
Jail fees			52,720
911 fees			309,123
Ambulance fees			1,160,529
Airport rental and fuel sales			45,514
Net increase (decrease) in the fair value of investments			(17,558)
Treasurer's commission			19,307
Collector's commission			58,020
Other			83,878
TOTAL REVENUES	60	912,069	7,059,977
Less: Treasurer's commission			20,876
NET REVENUES	60	912,069	7,039,101
EXPENDITURES			
Current:			
General government			99,631
Law enforcement	11,114	1,280	214,457
Public safety			769,285
Health			2,032,523
Recreation and culture			558,208
Social services			275,445
Airport			352,864
Total Current	11,114	1,280	4,302,413
Debt Service:			
Bond principal		780,000	780,000
Bond interest and other charges		226,523	226,523
Financed purchase principal			31,032
Financed purchase interest			2,293
TOTAL EXPENDITURES	11,114	1,007,803	5,342,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,054)	(95,734)	1,696,840
OTHER FINANCING SOURCES (USES)			
Transfers in		146,622	165,447
Transfers out	(146,622)		(146,622)
TOTAL OTHER FINANCING SOURCES (USES)	(146,622)	146,622	18,825
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(157,676)	50,888	1,715,665
FUND BALANCES - JANUARY 1	157,676	642,157	3,053,882
FUND BALANCES - DECEMBER 31	\$ 0	\$ 693,045	\$ 4,769,547

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

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

FRANKLIN COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
American Rescue Plan Act	Franklin County Ordinance no. 2021-25 (May 13, 2021) 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.
Hospital Tax (Special Sales Tax)	Established to account for a 1% sales tax to be used to finance health facilities within the County, approved by voters on February 6, 2001.
Miscellaneous Grant	Established by county to account for miscellaneous grants received from state and federal governments.
Ozark-Franklin County Airport	Ark. Code Ann. § 14-357-107 stipulates that all revenues derived from the operation of the airport, after paying the operating expenses and maintenance, may be set aside and used for additional improvements of the airport or for any lawful purpose. The Ozark-Franklin County Airport is jointly owned by the City of Ozark and Franklin County, Arkansas, the Airport Commission oversees the operations of the airport.
Jail Construction	Franklin County Ordinance no. 2017-43 (November 9, 2017) established sales and use tax bond for the purpose of jail improvements.
Sales and Use Tax Bond Fund, Series 2017	Franklin County Ordinance no. 2017-43 (November 9, 2017) established fund to provide the payment of principal and interest on Sales and Used Tax Bonds, Series 2017

Treasurer's accounts consist primarily of property taxes, treasurer's commission, collector's commission, Law Library monies, 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 and fee money to be settled with the treasurer.

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

FRANKLIN COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)

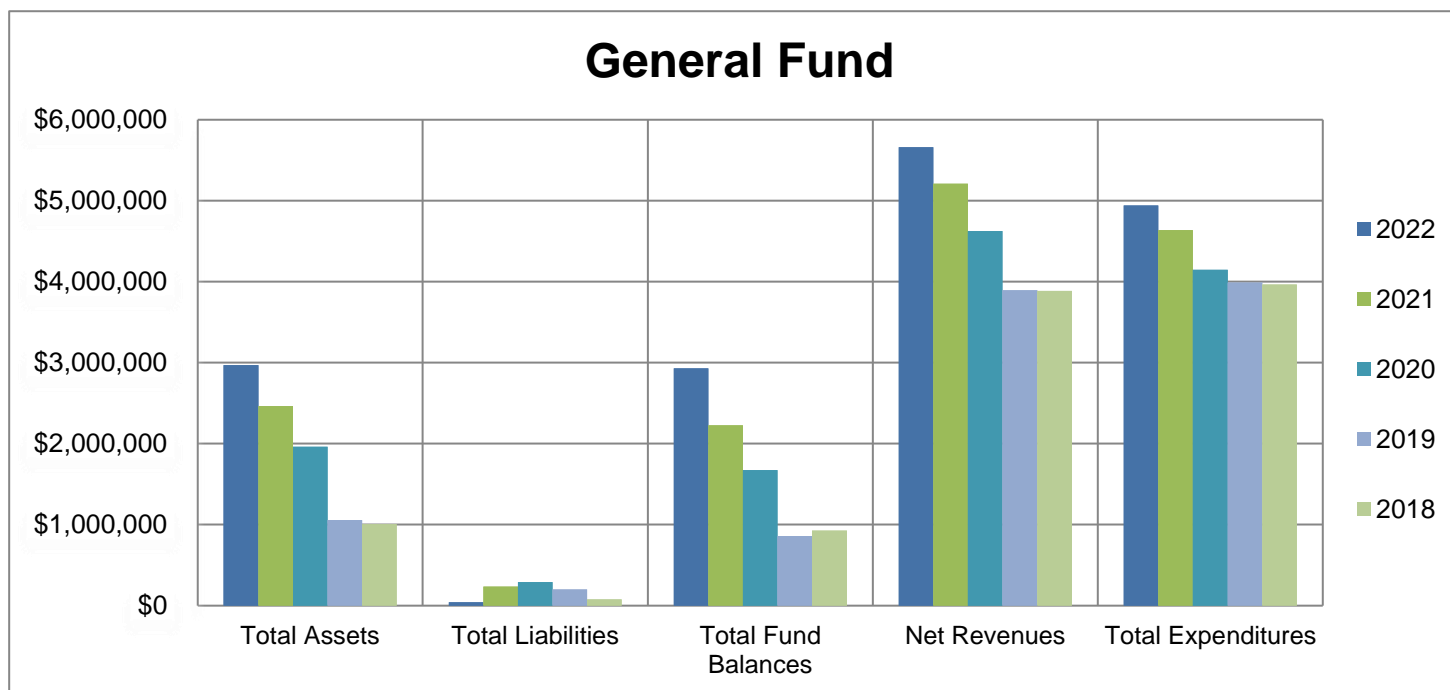
Schedule 3

	December 31, 2022
	<hr/>
Land	\$ 565,123
Buildings	15,623,503
Improvements	1,379,698
Equipment	<hr/> 7,579,391
	<hr/>
Total	<u><u>\$ 25,147,715</u></u>

FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-1

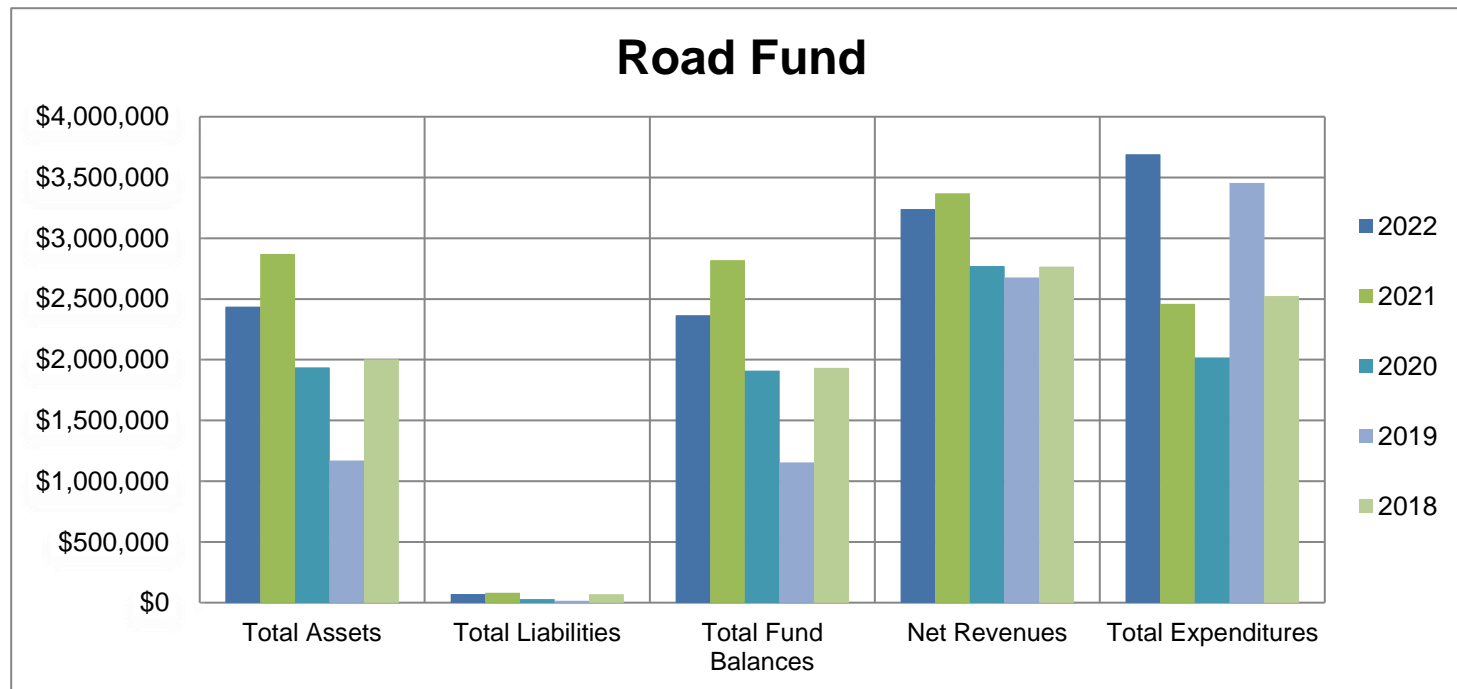
General	2022	2021	2020	2019	2018
Total Assets	\$ 2,971,546	\$ 2,462,911	\$ 1,963,944	\$ 1,058,160	\$ 1,007,382
Total Liabilities	42,379	235,346	290,692	198,413	78,952
Total Fund Balances	2,929,167	2,227,565	1,673,252	859,747	928,430
Net Revenues	5,662,464	5,208,649	4,625,391	3,894,332	3,887,591
Total Expenditures	4,942,037	4,636,488	4,147,984	3,989,615	3,965,782
Total Other Financing Sources/Uses	(18,825)	(17,848)	336,098	26,600	



FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-2

Road	2022	2021	2020	2019	2018
Total Assets	\$ 2,436,439	\$ 2,869,898	\$ 1,934,712	\$ 1,167,896	\$ 2,000,875
Total Liabilities	70,921	80,623	26,687	14,983	67,969
Total Fund Balances	2,365,518	2,816,275	1,908,025	1,152,913	1,932,906
Net Revenues	3,237,933	3,368,414	2,770,761	2,674,897	2,765,839
Total Expenditures	3,688,690	2,460,164	2,015,649	3,454,890	2,522,819
Total Other Financing Sources/Uses					



FRANKLIN COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 5,583,294	\$ 4,075,582	\$ 3,274,275	\$ 5,002,680	\$ 11,489,068
Total Liabilities	813,747	1,021,700	425,843	931,532	517,909
Total Fund Balances	4,769,547	3,053,882	2,848,432	4,071,148	10,971,159
Net Revenues	7,039,101	6,079,257	4,794,701	3,970,738	5,614,166
Total Expenditures	5,342,261	5,891,655	6,072,290	11,057,949	5,713,903
Total Other Financing Sources/Uses	18,825	17,848	6,895	187,200	(350,000)

