

Faulkner County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2007

LEGISLATIVE JOINT AUDITING COMMITTEE



FAULKNER COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Independent Auditor's Report
Report on Internal Control Over Financial Reporting, Compliance and Other Matters, and Other Issues Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Receipts, Disbursements and Changes in Fund Balances – Regulatory Basis	B
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis	C
Notes to Financial Statements	

Schedule

SUPPORTING SCHEDULES

Combining Balance Sheet – Other Funds in The Aggregate – Regulatory Basis	1
Combining Statement of Receipts, Disbursements and Changes in Fund Balances – Other Funds in The Aggregate – Regulatory Basis	2

SUPPLEMENTARY INFORMATION

Schedule of Capital Assets (Unaudited)	3
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Senate Co-Chair
Rep. J R Rogers
House Co-Chair
Sen. Bobby L. Glover
Senate Co-Vice Chair
Rep. Johnny Hoyt
House Co-Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Faulkner County, Arkansas, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1(B and C), the County has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Faulkner County, Arkansas, as of December 31, 2007, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The County Beautification and Lake Conway Sewer Project Funds have not been included in the County's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas Code, requires the County Beautification and the Lake Conway Sewer Project Funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, receipts, and disbursements. The amount by which this departure would affect the assets, liabilities, receipts, and disbursements of the other funds in the aggregate column is not reasonably determinable. The County's regulatory basis financial statements also do not disclose all the required information concerning deposit risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

In our opinion, because of the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective regulatory basis financial position of the other funds in the aggregate of Faulkner County, Arkansas, as of December 31, 2007, and the respective changes in the regulatory basis financial position for the year then ended on the basis of accounting as described in Note 1(C).

In our opinion, except for the effects of not disclosing all required information concerning deposit risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund and road fund of Faulkner County, Arkansas, as of December 31, 2007, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and road fund for the year then ended on the basis of accounting as described in Note 1(C).

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements of Faulkner County, Arkansas. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Faulkner County, Arkansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, because of the effects on the financial information in Schedules 1 and 2 of the omissions described above, such information is not presented fairly in all material respects in relation to the financial statements taken as a whole. The supplementary information in the Schedule of Capital Assets listed in the table of contents as Schedule 3 is required by the regulatory basis of presentation and is presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on the Schedule of Capital Assets.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, written over a white background.

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

Little Rock, Arkansas
August 28, 2008
LOCO02307

Sen. Randy Laverty
Senate Co-Chair
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Senate Co-Vice Chair
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House Co-Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Faulkner County, Arkansas, as of and for the year ended December 31, 2007, and have issued our report thereon dated August 28, 2008. We issued an adverse opinion because the County prepared the financial statements using accounting principles prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices 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 basis of accounting described in Note 1(B and C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the County Beautification and the Lake Conway Sewer Project Funds which are material to other funds in the aggregate, and our opinions on the general fund and road fund were qualified because required disclosures were not made concerning deposit risk. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis of designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting as prescribed or permitted by Arkansas Code such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

2007-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

The County officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing and recording cash transactions to the extent possible with the current staffing levels.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as item 2007-1 to be a material weakness.

The County's response to the finding identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Other Issues

The following issues are not significant deficiencies, material weaknesses or material instances of noncompliance, but are issues that are presented to assist in the efficient operation of the County.

The commentary contained in this section relates to the following officials that held office during 2007:

County Judge: Preston Scroggin
Treasurer: Regina Oakley
Sheriff: Karl Byrd
Tax Collector: Steve Simon
County Clerk: Melinda Reynolds
Circuit Clerk: Rhonda Long
County Librarian: Ruth Voss

Our audit procedures indicated that the Offices of **County Treasurer, Tax Collector, Circuit Clerk** and **Librarian** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the Offices of **County Judge, County Clerk** and **Sheriff** and is reported below.

County Judge

1. As reported in the previous year, construction completed on the County Jail in the amount of \$7,074,065 was not included on the fixed asset list.
2. County computers operating on the PICK system again do not have adequate access security controls. Additionally, the County does not have an adequate disaster recovery plan.

County Clerk

1. Vehicle and clothing allowance expenses were reported on 1099 forms rather than W-2 forms as required by the IRS for employee compensation.
2. Social security and Medicare taxes withheld from some employees' salaries were less than required because of an error in the payroll system.
3. Four instances were noted where employee leave time exceeded the maximum carryover hours allowed by the County leave policy.
4. The fee account cash disbursements journal did not have monthly totals, and disbursements were not correctly classified as required by Ark. Code Ann. § 14-25-109.

Sheriff

1. Circuit Bond and Fine, Sheriff's Fee, and Communication Facility and Equipment Funds bank accounts were not reconciled after the end of each month as required by Ark. Code Ann. § 14-25-107.
2. Cash receipt and disbursement journals were not made available for audit for the Bond and Fine and Sheriff's Fee Funds. All receipts and disbursements were not posted to the cash receipt and disbursement journals in the Circuit Bond and Fine, Commissary and Communication Facility and Equipment Funds as required by Ark. Code Ann. § 14-25-112.
3. The remaining bank balance in the Bond and Fine account was not identified with receipts issued but not yet entered on the arrest reports as required by Ark. Code Ann. § 16-10-207.
4. The Sheriff's office did not notify the Circuit Court Judge, in writing, of the fines or costs assessed but not collected in accordance with the Circuit Court order.
5. As reported in prior years, the Sheriff's office did not have a written disaster recovery or business continuity plan for computer processing.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, the federal awarding agencies and pass-through entities, if applicable, 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 Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT


June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 28, 2008

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FAULKNER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2007

Exhibit A

	General	Road	Other Funds In The Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,055,105	\$ 2,710,219	\$ 13,194,737
LIABILITIES AND FUND BALANCES			
Liabilities:			
Settlements pending			\$ 4,716,326
Fund Balances:			
Reserved		\$ 2,710,219	8,478,411
Unreserved:			
Undesignated	\$ 3,055,105		
Total Fund Balances	3,055,105	2,710,219	8,478,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,055,105	\$ 2,710,219	\$ 13,194,737

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

FAULKNER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	General	Road	Other Funds In The Aggregate
RECEIPTS			
State aid	\$ 1,469,752	\$ 2,183,858	\$ 176,773
Federal aid			197,554
Property taxes	3,640,030	1,687,563	1,190,179
Sales taxes			6,659,754
Fines, forfeitures and costs	1,121,101		289,803
Interest	74,658	77,008	160,523
Officers' fees	231,758		1,049,200
Jail fees	894,170		88,492
911 fees			576,539
Treasurer's commission	185,042		36,593
Collector's commission	385,793		
Taxes apportioned - Assessor's salary and expense	897,416		
Other	609,368	493,189	135,320
 TOTAL RECEIPTS	 9,509,088	 4,441,618	 10,560,730
 Less: Treasurer's commission	 131,109	 75,929	 57,410
 NET RECEIPTS	 9,377,979	 4,365,689	 10,503,320
 DISBURSEMENTS			
Current:			
General government	3,507,202		752,396
Law enforcement	5,510,236		4,012,051
Highways and streets		4,617,941	1,699,060
Public safety	62,072		1,174,104
Health	52,500		
Recreation and culture	14,500		1,113,989
Social services	48,164		
 TOTAL DISBURSEMENTS	 9,194,674	 4,617,941	 8,751,600
 EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	 183,305	 (252,252)	 1,751,720

FAULKNER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	General	Road	Other Funds In The Aggregate
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 210,555		\$ 66,047
Transfers out	(31,003)		(245,599)
Loan proceeds			400,000
	<u>179,552</u>		<u>220,448</u>
 TOTAL OTHER FINANCING SOURCES (USES)			
	<u>179,552</u>		<u>220,448</u>
 EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	 362,857	 \$ (252,252)	 1,972,168
 FUND BALANCES - JANUARY 1	 <u>2,692,248</u>	 <u>2,962,471</u>	 <u>6,506,243</u>
 FUND BALANCES - DECEMBER 31	 <u>\$ 3,055,105</u>	 <u>\$ 2,710,219</u>	 <u>\$ 8,478,411</u>

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

FAULKNER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
State aid	\$ 1,022,987	\$ 1,469,752	\$ 446,765	\$ 1,740,000	\$ 2,183,858	\$ 443,858
Property taxes	3,679,600	3,640,030	(39,570)	1,579,250	1,687,563	108,313
Fines, forfeitures and costs	1,105,965	1,121,101	15,136			
Interest	36,415	74,658	38,243	40,120	77,008	36,888
Officers' fees	353,800	231,758	(122,042)			
Jail fees	290,000	894,170	604,170			
Treasurer's commission	175,000	185,042	10,042			
Collector's commission	350,000	385,793	35,793			
Taxes apportioned - Assessor's salary and expense	818,834	897,416	78,582			
Other	248,448	609,368	360,920	259,919	493,189	233,270
TOTAL RECEIPTS	8,081,049	9,509,088	1,428,039	3,619,289	4,441,618	822,329
Less: Treasurer's commission		131,109	(131,109)		75,929	(75,929)
NET RECEIPTS	8,081,049	9,377,979	1,296,930	3,619,289	4,365,689	746,400
DISBURSEMENTS						
Current:						
General government	3,849,858	3,507,202	342,656			
Law enforcement	5,842,747	5,510,236	332,511			
Highways and streets				5,400,607	4,617,941	782,666
Public safety	71,644	62,072	9,572			
Health	52,500	52,500				
Recreation and culture	4,500	14,500	(10,000)			
Social services	59,619	48,164	11,455			
TOTAL DISBURSEMENTS	9,880,868	9,194,674	686,194	5,400,607	4,617,941	782,666
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,799,819)	183,305	1,983,124	(1,781,318)	(252,252)	1,529,066

FAULKNER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 213,200	\$ 210,555	\$ (2,645)			
Transfers out		(31,003)	(31,003)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>213,200</u>	<u>179,552</u>	<u>(33,648)</u>			
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(1,586,619)	362,857	1,949,476	\$ (1,781,318)	\$ (252,252)	\$ 1,529,066
FUND BALANCES - JANUARY 1	<u>2,209,200</u>	<u>2,692,248</u>	<u>483,048</u>	<u>2,067,260</u>	<u>2,962,471</u>	<u>895,211</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 622,581</u></u>	<u><u>\$ 3,055,105</u></u>	<u><u>\$ 2,432,524</u></u>	<u><u>\$ 285,942</u></u>	<u><u>\$ 2,710,219</u></u>	<u><u>\$ 2,424,277</u></u>

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

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies

As discussed further in Note 1(B and C), these financial statements are presented in accordance with the regulatory basis of presentation and accounting as prescribed or permitted by Arkansas Code. This regulatory basis of presentation and accounting differs from accounting principles generally accepted in the United States of America.

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. The following funds of the County are not presented in this report: County Beautification and Lake Conway Sewer Project.

B. Basis of Presentation - Regulatory Fund Accounting

The accounting system is organized and operated on a fund basis. 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. Arkansas Code 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 (receipts), expenditures (disbursements), and changes in fund equity (balances); a comparison of the final adopted budget to the actual expenditures for the general fund and road fund; notes to the financial statements; and a supplemental schedule of capital assets.

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

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Drug-Buy, Commissary, Tax Assessor's Late Assessment Fee, and Rural Fire Protection.

Road Fund - The Road Fund is used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for maintaining and constructing County 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 the proceeds of specific receipt sources that are legally restricted to disbursements for specific purposes. The following special revenue funds are reported with other funds in the aggregate: County Recorder Cost, Breathalyzer, Emergency Squad, Library, Road Sales Tax, Public Defender, Homeland Security, Jail Fees, Juvenile Services (Act 1262 of 1995), 911, Treasurer Automation, Jail Fines, Public Safety Answering Point, Victim/Witness, Child Support, Juvenile Probation Fees, Juvenile Jail Grant, Public Defender Investigator, Juvenile Court Representation, County Clerk Cost, Collector's Automation, Public Safety Act 749 of 1983, Museum, Communication Facility and Equipment, Animal Control, Jail Booking, and Teen Court.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The following capital projects funds are reported with other funds in the aggregate: Criminal Justice Sales Tax and Library Sales Tax.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Regulatory Fund Accounting (Continued)

Other Funds in the Aggregate (Continued)

Agency Funds - Agency Funds are used to account for assets held by the entity as an agent for individuals, private organizations, other governmental units, and other funds. The following agency funds are reported with other funds in the aggregate: Treasurer's Accounts (Treasurer Commission, Collector Unapportioned, Delinquent Personal, Delinquent Real Estate, Assessor's Salary, Collector's Commission, Juvenile Services (Act 1262 of 1995), County General School, Law Library, Arkansas Forestry Commission, State Crime Lab, Sex and Child Offender, Law School, School Accounts, City Accounts, Property Tax Relief, Improvement District Accounts, and Soil Conservation), Collector's Accounts (Current Tax, Delinquent Tax, and Credit Card), Sheriff's Accounts (Fee, Bond and Fine, Circuit Bond, and Commissary), County Clerk's Accounts (Fee and Trust), Circuit Clerk's Accounts (Fee, Trust, and Child Support), and District Court Account.

C. Basis of Accounting

The financial statements are presented using a regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for settlements pending. This regulatory basis differs from accounting principles generally accepted in the United States of America.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable, interfund receivables, and capital assets) and their related receipts and certain liabilities (such as accounts payable, interfund payables, and long-term debt) and their related disbursements are not recorded in these financial statements.

D. Assets, Liabilities and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand accounts and certificates of deposit.

Liabilities

For the purpose of financial reporting, liabilities include settlements pending. Settlements pending are considered fines, forfeitures, costs, trust funds, officer fees, commissions and property taxes that have not been transferred to the appropriate entities.

Fund Balance

1. Reserved Fund Balance indicates that portion of fund balance, which has been legally segregated for specific purposes.
2. Undesignated Fund Balance indicates that portion of fund balance which is available for budgeting in future periods.

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 10.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 disbursements 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 Special Revenue Funds except for the Communication Facility and Equipment Fund.

NOTE 2: Cash

Deposit risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement No. 40.

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/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.

NOTE 4: Legal Debt Limit

A. Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to ten percent (10%) of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2007, the legal debt limit for bonded debt was \$108,231,086. 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 two and one half percent (2.5%) of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2007, the legal debt limit for short-term financing obligations was \$27,972,068. The amount of short-term financing obligations was \$400,000 leaving a legal debt margin of \$27,572,068.

NOTE 5: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2007
Road	\$ 2,710,219

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 5: Reserved Fund Balance (Continued)

	December 31, 2007
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
County Recorder Cost	\$ 824,045
Breathalyzer	4,718
Emergency Squad	57,118
Library	671,631
Road Sales Tax	3,439,779
Public Defender	50,277
Homeland Security	85
Jail Fees	21,234
Juvenile Services (Act 1262 of 1995)	10,502
911	321,311
Treasurer Automation	54,214
Jail Fines	273,209
Public Safety Answering Point	57,719
Victim/Witness	15,791
Child Support	52,397
Juvenile Probation Fees	79,641
Juvenile Jail Grant	33,382
Public Defender Investigator	84,400
Juvenile Court Representation	1,775
County Clerk Cost	10,703
Collector's Automation	165,689
Public Safety Act 749 of 1983	3,890
Museum	46,925
Communications Facility and Equipment	159,466
Animal Control	213,067
Jail Booking	4,844
Teen Court	1,057
Total Special Revenue	6,658,869
Capital Projects Funds:	
Criminal Justice Sales Tax	1,567,855
Library Sales Tax	251,687
Total Capital Projects	1,819,542
Total Other Funds in the Aggregate	\$ 8,478,411

NOTE 6: Commitments

Total commitments consist of the following at December 31, 2007:

	December 31, 2007
Long-Term Debt	\$ 400,000
Noncancellable leases	7,159
Total Commitments	\$ 407,159

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 6: Commitments (Continued)

Long-Term Debt

Long-Term Debt at December 31, 2007 is comprised of the following:

	December 31, 2007
Bank loan with First Security Bank executed April 10, 2007 for the purchase of 18 police cars. Term is two annual installments of \$211,591, at 3.78%.	\$ 400,000

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

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Debt Service Requirements to Maturity

The County is obligated for the following amounts:

Years Ending December 31,	Notes
2008	\$ 211,591
2009	211,591
Total Obligations	423,182
Less Interest	23,182
Total Principal	\$ 400,000

Noncancellable Lease

The County entered into a noncancellable lease agreement for a Xerox Copier on April 29, 2005. Terms of the lease are monthly rental payments of \$255 for 60 months. At the end of the lease term, the County will return the copier to the lessor. The County is obligated for the following amounts for the next three years:

Year	Amount
2008	\$ 3,068
2009	3,068
2010	1,023
Total	\$ 7,159

Rental expense for 2007 was \$3,055.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7: Joint Venture: Regional Library

Faulkner and Van Buren Counties entered into an agreement in June 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Faulkner-Van Buren Regional Library. The agreement states that the Regional Library shall employ a regional librarian approved by the Arkansas Library Commission to serve for such time and on such terms as the Board may prescribe and to be paid from the regional budget. The County Library did not pay any funds to the Regional Library in 2007. Separate financial statements of the Faulkner-Van Buren Regional Library are not available.

NOTE 8: 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.

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 or \$500,000 per case with an annual aggregate of \$350,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board. Each county also agrees to pay the first \$2,000 of the aggregate cost for all expenses on each lawsuit.

The County also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the County Aid Fund. There is a \$1,000 deductible per occurrence.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 9: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS 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 PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation.

FAULKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 1

SPECIAL REVENUE FUNDS

	County Recorder Cost	Breathalyzer	Emergency Squad	Library	Road Sales Tax	Public Defender	Homeland Security	Jail Fees
ASSETS								
Cash and cash equivalents	\$ 824,045	\$ 4,718	\$ 57,118	\$ 671,631	\$ 3,439,779	\$ 50,277	\$ 85	\$ 21,234
LIABILITIES AND FUND BALANCES								
Liabilities:								
Settlements pending								
Fund Balances:								
Reserved	\$ 824,045	\$ 4,718	\$ 57,118	\$ 671,631	\$ 3,439,779	\$ 50,277	\$ 85	\$ 21,234
TOTAL LIABILITIES AND FUND BALANCES	\$ 824,045	\$ 4,718	\$ 57,118	\$ 671,631	\$ 3,439,779	\$ 50,277	\$ 85	\$ 21,234

County Recorder Cost

Ark. Code Ann. § 21-6-306 established fund to receive fees collected by County/Circuit Clerks to be used for automated record systems and any legitimate county purpose.

Breathalyzer

Ark. Code Ann. § 16-10-308 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzers.

Emergency Squad

Ordinance 77-23 established fund to provide emergency services to the County.

Library

Ark. Code Ann. § 13-2-404 established fund to receive fees collected by the Library to be used for any legitimate Library purpose.

Road Sales Tax

Ordinance 99-24 and 99-25 established fund to receive road sales tax to be used to construct and maintain roads in the County.

Public Defender

Ark. Code Ann. § 16-87-101 established the fund to receive court cost to be used to offset the cost of legal defense for indigents.

Homeland Security

Ordinance 5-19 established fund to aid in National Security.

Jail Fees

Ark. Code Ann. § 16-10-307 established fund to receive fees and pay related expenses of the County Jail.

FAULKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 1

SPECIAL REVENUE FUNDS

	Juvenile Services (Act 1262 of 1995)	911	Treasurer Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees
ASSETS								
Cash and cash equivalents	\$ 10,502	\$ 321,311	\$ 54,214	\$ 273,209	\$ 57,719	\$ 15,791	\$ 52,397	\$ 79,641
LIABILITIES AND FUND BALANCES								
Liabilities:								
Settlements pending								
Fund Balances:								
Reserved	\$ 10,502	\$ 321,311	\$ 54,214	\$ 273,209	\$ 57,719	\$ 15,791	\$ 52,397	\$ 79,641
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,502	\$ 321,311	\$ 54,214	\$ 273,209	\$ 57,719	\$ 15,791	\$ 52,397	\$ 79,641

Juvenile Services (Act 1262 of 1995)
911

Ark. Code Ann. § 9-27-306 established fund to receive Circuit Court costs to be used for juvenile services.

Ark. Code Ann. § 12-10-318 established the fund to provide an emergency answering system for the County and Local law enforcement, ambulance service and fire protection.

Treasurer 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 record keeping system.

Jail Fines

Ordinance 03-14 established fund to help defray the expense of incarcerating prisoners in the County jail.

Public Safety Answering Point

Ark. Code Ann. § 12-10-305 established fund to be used to provide an answering system for emergency calls.

Victim/Witness

Ark. Code Ann. § 16-21-151 established fund to receive District Court costs to be used by Prosecuting Attorney for operating Victim/Witness program.

Child Support

Ark. Code Ann. § 16-21-108 established fund to receive fees from child support to offset related office expense.

Juvenile Probation Fees

Ark. Code Ann. § 16-13-326 established fund to receive probation fees to be used to offset related expenses.

FAULKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 1

	SPECIAL REVENUE FUNDS							
	Juvenile Jail Grant	Public Defender Investigator	Juvenile Court Representation	County Clerk Cost	Collector's Automation	Public Safety Act 749 of 1983	Museum	Communications Facility and Equipment
ASSETS								
Cash and cash equivalents	\$ 33,382	\$ 84,400	\$ 1,775	\$ 10,703	\$ 165,689	\$ 3,890	\$ 46,925	\$ 159,466
LIABILITIES AND FUND BALANCES								
Liabilities:								
Settlements pending								
Fund Balances:								
Reserved	\$ 33,382	\$ 84,400	\$ 1,775	\$ 10,703	\$ 165,689	\$ 3,890	\$ 46,925	\$ 159,466
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,382	\$ 84,400	\$ 1,775	\$ 10,703	\$ 165,689	\$ 3,890	\$ 46,925	\$ 159,466

Juvenile Jail Grant
 Public Defender Investigator
 Juvenile Court Representation
 County Clerk Cost
 Collector's Automation

 Public Safety Act 749 of 1983
 Museum
 Communications Facility and Equipment

State Grant for Juvenile incarceration.
 Ordinance 92-06 and 92-07 established fund to receive court costs to assist in the defense of an indigent.
 Ark. Code Ann. § 14-20-102 established fund to pay for costs associated with representing juveniles.
 Ark. Code Ann. § 21-6-413 established fund to receive fees used to offset office costs.
 Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's office and to purchase, maintain and operate an automated record keeping system.
 Ark. Code Ann. § 27-34-108 established fund to receive court costs to be used for the promotion of public safety.
 Ordinance 01-11 establishes a voluntary mileage to support the County museum.
 Ark. Code Ann. § 21-6-307 established fund to receive 25% of Sheriff's fees collected to be used for communications equipment and repair and to train operations staff.

FAULKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	Animal Control	Jail Booking	Teen Court	Criminal Justice Sales Tax	Library Sales Tax
ASSETS					
Cash and cash equivalents	\$ 213,067	\$ 4,844	\$ 1,057	\$ 1,567,855	\$ 251,687
LIABILITIES AND FUND BALANCES					
Liabilities:					
Settlements pending					
Fund Balances:					
Reserved	\$ 213,067	\$ 4,844	\$ 1,057	\$ 1,567,855	\$ 251,687
TOTAL LIABILITIES AND FUND BALANCES	\$ 213,067	\$ 4,844	\$ 1,057	\$ 1,567,855	\$ 251,687

Animal Control
 Jail Booking
 Teen Court
 Criminal Justice Sales Tax
 Library Sales Tax

Ordinance 05-11 established fund to be used for animal control.
 Ark. Code Ann. § 12-41-505 established fund to receive revenues from booking fees to be used for police equipment.
 Ordinance 07-14 established fund to receive donations to assist with the expenses of teen court.
 Ordinances 99-24 and 99-25 established fund to receive sales tax to be used for criminal justice purposes.
 Ordinance 92-01 established fund to receive sales tax to be used for library purposes.

FAULKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 1

	AGENCY FUNDS						
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court's Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 3,742,306	\$ 2,908	\$ 437,564	\$ 59,622	\$ 464,891	\$ 9,035	\$ 13,194,737
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending	\$ 3,742,306	\$ 2,908	\$ 437,564	\$ 59,622	\$ 464,891	\$ 9,035	\$ 4,716,326
Fund Balances:							
Reserved							8,478,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,742,306	\$ 2,908	\$ 437,564	\$ 59,622	\$ 464,891	\$ 9,035	\$ 13,194,737

Treasurer's accounts consist primarily of property taxes, commissions and interest not distributed to the appropriate entities.
 Collector's accounts consist primarily of taxes not yet distributed to the various taxing units.
 Sheriff's accounts consist primarily of inmate trust monies, agency, and officer fees not yet distributed to the proper entity.
 County/Circuit Clerk's accounts consist primarily of trust money awaiting disposition by the applicable court.
 District Court Accounts consist primarily of fines and costs net yet distributed to the county and/or state.

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	County Recorder Cost	Breathalyzer	Emergency Squad	Library	Road Sales Tax	Public Defender	Homeland Security	Jail Fees
RECEIPTS								
State aid			\$ 9,813	\$ 138,125		\$ 3,954		
Federal aid							\$ 120,998	
Property taxes	\$ 4,982	\$ 1	44,947	941,419		227		\$ 945
Sales taxes					\$ 3,329,877			
Fines, forfeitures and costs						31,555		129,458
Interest	20,273	62	728	14,013	56,578	664	85	448
Officers' fees	714,947							
Jail fees								
911 fees								
Treasurer's commission								
Other	40		2,542	78,955		38	875	
TOTAL RECEIPTS	740,242	63	58,030	1,172,512	3,386,455	36,438	121,958	130,851
Less: Treasurer's commission	14,299		1,110	20,850		601		2,529
NET RECEIPTS	725,943	63	56,920	1,151,662	3,386,455	35,837	121,958	128,322
DISBURSEMENTS								
Current:								
General government	598,277							
Law enforcement						32,393		
Highways and streets					1,699,060			
Public safety			50,373				120,998	
Recreation and culture				1,003,891				
TOTAL DISBURSEMENTS	598,277		50,373	1,003,891	1,699,060	32,393	120,998	
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	127,666	63	6,547	147,771	1,687,395	3,444	960	128,322

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

SPECIAL REVENUE FUNDS

	County Recorder Cost	Breathalyzer	Emergency Squad	Library	Road Sales Tax	Public Defender	Homeland Security	Jail Fees
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out	\$ (57,255)					\$ (391)	\$ (875)	\$ (110,000)
Proceeds of a vehicle loan								
TOTAL OTHER FINANCING SOURCES (USES)	(57,255)					(391)	(875)	(110,000)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	70,411	\$ 63	\$ 6,547	\$ 147,771	\$ 1,687,395	3,053	85	18,322
FUND BALANCES - JANUARY 1	753,634	4,655	50,571	523,860	1,752,384	47,224		2,912
FUND BALANCES - DECEMBER 31	<u>\$ 824,045</u>	<u>\$ 4,718</u>	<u>\$ 57,118</u>	<u>\$ 671,631</u>	<u>\$ 3,439,779</u>	<u>\$ 50,277</u>	<u>\$ 85</u>	<u>\$ 21,234</u>

County Recorder Cost

Ark. Code Ann. § 21-6-306 established fund to receive fees collected by County/Circuit Clerks to be used for automated record keeping systems and any legitimate county purpose.

Breathalyzer

Ark. Code Ann. § 16-10-308 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzers.

Emergency Squad

Ordinance 77-23 established fund to provide emergency services to the County.

Library

Ark. Code Ann. § 13-2-404 established fund to receive fees collected by the Library to be used for any legitimate Library purpose.

Road Sales Tax

Ordinances 99-24 and 99-25 established fund to receive road sales tax to be used to construct and maintain roads in the County.

Public Defender

Ark. Code Ann. § 16-87-101 established the fund to receive court cost to be used to offset the cost of legal defense for indigents.

Homeland Security

Ordinance 5-19 established fund to aid in National Security.

Jail Fees

Ark. Code Ann. § 16-10-307 established fund to receive fees and pay related expenses of the County Jail.

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Juvenile Services (Act 1262 of 1995)	911	Treasurer Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees
RECEIPTS								
State aid								
Federal aid								
Property taxes	\$ 100	\$ 3,224		\$ 721	\$ 684	\$ 160	\$ 131	\$ 408
Sales taxes								
Fines, forfeitures and costs	11,590					22,432		77,114
Interest	192	5,915	\$ 754	3,100	2,759	244	747	1,256
Officers' fees							16,197	
Jail fees				88,492				
911 fees		359,859			216,680			
Treasurer's commission			36,593					
Other		50					77	10,202
TOTAL RECEIPTS	11,882	369,048	37,347	92,313	220,123	22,836	17,152	88,980
Less: Treasurer's commission	232	7,876		1,770	948	410	324	1,542
NET RECEIPTS	11,650	361,172	37,347	90,543	219,175	22,426	16,828	87,438
DISBURSEMENTS								
Current:								
General government			39,229				7,003	
Law enforcement						19,106		98,801
Highways and streets								
Public safety		635,160			362,773			
Recreation and culture								
TOTAL DISBURSEMENTS		635,160	39,229		362,773	19,106	7,003	98,801
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	11,650	(273,988)	(1,882)	90,543	(143,598)	3,320	9,825	(11,363)

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Juvenile Services (Act 1262 of 1995)	911	Treasurer Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees
OTHER FINANCING SOURCES (USES)								
Transfers in						\$ 4,800		\$ 30,244
Transfers out	\$ (15,000)						\$ (3,724)	(897)
Proceeds of a vehicle loan								
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)					4,800	(3,724)	29,347
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(3,350)	\$ (273,988)	\$ (1,882)	\$ 90,543	\$ (143,598)	8,120	6,101	17,984
FUND BALANCES - JANUARY 1	13,852	595,299	56,096	182,666	201,317	7,671	46,296	61,657
FUND BALANCES - DECEMBER 31	<u>\$ 10,502</u>	<u>\$ 321,311</u>	<u>\$ 54,214</u>	<u>\$ 273,209</u>	<u>\$ 57,719</u>	<u>\$ 15,791</u>	<u>\$ 52,397</u>	<u>\$ 79,641</u>

Juvenile Services (Act 1262 of 1995)
911

Ark. Code Ann. § 9-27-306 established fund to receive Circuit Court costs to be used for juvenile services.

Treasurer Automation

Ark. Code Ann. § 12-10-318 established the fund to provide an emergency answering system for the County and local law enforcement, ambulance service and fire protection.

Jail Fines

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 record keeping system.

Public Safety Answering Point

Ordinance 03-14 established fund to help defray the expense of incarcerating prisoners in the County jail.

Victim/Witness

Ark. Code Ann. § 12-10-305 established fund to be used to provide an answering system for emergency calls.

Child Support

Ark. Code Ann. § 16-21-151 established fund to receive District Court costs to be used by Prosecuting Attorney for operating Victim/Witness program.

Juvenile Probation Fees

Ark. Code Ann. § 16-21-108 established fund to receive fees from child support to offset related office expense.

Ark. Code Ann. § 16-13-326 established fund to receive probation fees to be used to offset related expenses.

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

SPECIAL REVENUE FUNDS

	Juvenile Jail Grant	Public Defender Investigator	Juvenile Court Representation	County Clerk Cost	Collector's Automation	Public Safety Act 749 of 1983	Museum	Communications Facility and Equipment
RECEIPTS								
State aid	\$ 23,381							
Federal aid								\$ 2,600
Property taxes		\$ 76		\$ 314			\$ 75,082	
Sales taxes								
Fines, forfeitures and costs		10,494				\$ 678		
Interest	151	1,063	\$ 23	241	\$ 869	47	629	560
Officers' fees				44,450	128,410			145,196
Jail fees								
911 fees								
Treasurer's commission								
Other							1,095	
TOTAL RECEIPTS	23,532	11,633	23	45,005	129,279	725	76,806	148,356
Less: Treasurer's commission		210		889		13	1,442	
NET RECEIPTS	23,532	11,423	23	44,116	129,279	712	75,364	148,356
DISBURSEMENTS								
Current:								
General government				44,448	63,439			
Law enforcement								40,035
Highways and streets								
Public safety								
Recreation and culture							78,398	
TOTAL DISBURSEMENTS				44,448	63,439		78,398	40,035
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	23,532	11,423	23	(332)	65,840	712	(3,034)	108,321

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

SPECIAL REVENUE FUNDS

	Juvenile Jail Grant	Public Defender Investigator	Juvenile Court Representation	County Clerk Cost	Collector's Automation	Public Safety Act 749 of 1983	Museum	Communications Facility and Equipment
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 20,003						\$ 11,000	
Transfers out	(22,412)	\$ (4,800)						
Proceeds of a vehicle loan								
TOTAL OTHER FINANCING SOURCES (USES)	(2,409)	(4,800)					11,000	
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	21,123	6,623	\$ 23	\$ (332)	\$ 65,840	\$ 712	7,966	\$ 108,321
FUND BALANCES - JANUARY 1	12,259	77,777	1,752	11,035	99,849	3,178	38,959	51,145
FUND BALANCES - DECEMBER 31	<u>\$ 33,382</u>	<u>\$ 84,400</u>	<u>\$ 1,775</u>	<u>\$ 10,703</u>	<u>\$ 165,689</u>	<u>\$ 3,890</u>	<u>\$ 46,925</u>	<u>\$ 159,466</u>

Juvenile Jail Grant
 Public Defender Investigator
 Juvenile Court Representation
 County Clerk Cost
 Collector's Automation

 Public Safety Act 749 of 1983
 Museum
 Communications Facility and Equipment

State Grant for Juvenile incarceration.
 Ordinances 92-06 and 92-07 established fund to receive court costs to assist in the defense of an indigent.
 Ark. Code Ann. § 14-20-102 established fund to pay for costs associated with representing juveniles.
 Ark. Code Ann. § 21-6-413 established fund to receive fees used to offset office costs.
 Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's office and to purchase, maintain and operate an automated record keeping system.
 Ark. Code Ann. § 27-34-108 established fund to receive court costs to be used for the promotion of public safety.
 Ordinance 01-11 establishes a voluntary mileage to support the County museum.
 Ark. Code Ann. § 21-6-307 established fund to receive 25% of Sheriff's fees collected to be used for communications equipment and repair and to train operations staff.

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL PROJECTS FUNDS</u>		<u>Totals</u>
	<u>Animal Control</u>	<u>Jail Booking</u>	<u>Teen Court</u>	<u>Criminal Justice Sales Tax</u>	<u>Library Sales Tax</u>	
RECEIPTS						
State aid			\$ 1,500			\$ 176,773
Federal aid				\$ 73,956		197,554
Property taxes	\$ 116,758					1,190,179
Sales taxes				3,329,877		6,659,754
Fines, forfeitures and costs		\$ 4,942	1,540			289,803
Interest	2,129		40	37,914	\$ 9,039	160,523
Officers' fees						1,049,200
Jail fees						88,492
911 fees						576,539
Treasurer's commission						36,593
Other			5,000	36,446		135,320
TOTAL RECEIPTS	118,887	4,942	8,080	3,478,193	9,039	10,560,730
Less: Treasurer's commission	2,236	98	31			57,410
NET RECEIPTS	116,651	4,844	8,049	3,478,193	9,039	10,503,320
DISBURSEMENTS						
Current:						
General government						752,396
Law enforcement			6,992	3,814,724		4,012,051
Highways and streets						1,699,060
Public safety	4,800					1,174,104
Recreation and culture					31,700	1,113,989
TOTAL DISBURSEMENTS	4,800		6,992	3,814,724	31,700	8,751,600
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	111,851	4,844	1,057	(336,531)	(22,661)	1,751,720

FAULKNER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Animal Control	Jail Booking	Teen Court	Criminal Justice Sales Tax	Library Sales Tax	Totals
OTHER FINANCING SOURCES (USES)						
Transfers in						\$ 66,047
Transfers out				\$ (30,245)		(245,599)
Proceeds of a vehicle loan				400,000		400,000
 TOTAL OTHER FINANCING SOURCES (USES)				369,755		220,448
 EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	\$ 111,851	\$ 4,844	\$ 1,057	33,224	\$ (22,661)	1,972,168
 FUND BALANCES - JANUARY 1	101,216			1,534,631	274,348	6,506,243
 FUND BALANCES - DECEMBER 31	\$ 213,067	\$ 4,844	\$ 1,057	\$ 1,567,855	\$ 251,687	\$ 8,478,411

Animal Control
 Jail Booking

Teen Court
 Criminal Justice Sales Tax
 Library Sales Tax

Ordinance 05-11 established fund to be used for animal control.
 Ark. Code Ann. § 12-41-505 established fund to receive revenues from booking fees to be used for police equipment.
 Ordinance 07-14 established fund to receive donations to assist with the expenses of teen court.
 Ordinances 99-24 and 99-25 established fund to receive sales tax to be used for criminal justice purposes.
 Ordinance 92-01 established fund to receive sales tax to be used for library purposes.

FAULKNER COUNTY, ARKANSAS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 DECEMBER 31, 2007
 (Unaudited)

Schedule 3

	December 31, 2007
A. General Fixed Assets	
Land and Buildings	\$ 7,749,189
Equipment	8,906,618
Total	16,655,807
B. Fixed Assets-Library	
Land and Buildings	4,033,744
Equipment	257,149
Total	4,290,893
C. Fixed Assets-Museum	
Land and Buildings	105,000
Equipment	9,636
Total	114,636
Total	\$21,061,336