

Faulkner County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2009

LEGISLATIVE JOINT AUDITING COMMITTEE



FAULKNER COUNTY, ARKANSAS
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Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
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, 2009, 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, 2009 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 Mayflower Water, Homeland Security, and Teen Court 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 Mayflower Water, Homeland Security, and Teen Court Funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, revenues, and expenditures. The amount by which this departure would affect the assets, liabilities, revenues, and expenditures 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).

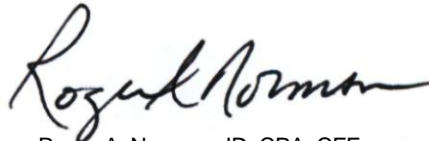
In our opinion, because of the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective regulatory basis financial position of the other funds in the aggregate of Faulkner County, Arkansas, as of December 31, 2009, 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, 2009 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 July 29, 2010 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 the supporting schedules 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 required by the regulatory basis of presentation and the Schedule of Selected Information for the Last Five Years as listed in the table of contents as Schedules 3 and 4 are presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on these schedules.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Roger A. Norman". The signature is written in a cursive, flowing style.

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

Little Rock, Arkansas
July 29, 2010
LOCO02309

Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
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, 2009 and have issued our report thereon dated July 29, 2010. We issued an adverse opinion because the County prepared the financial statements using accounting practices 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(C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Mayflower Water, Homeland Security, and Teen Court 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 risks. 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 for 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

2009-1 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.

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*.

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

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 2009:

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

Our audit procedures indicated that the Offices of **County Judge, Treasurer, Tax Collector, Circuit Clerk, and County 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 **Sheriff and County Clerk**.

Sheriff

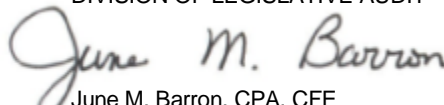
1. Arrest reports again did not include all information as required by Ark. Code Ann. § 16-10-207. Also arrest reports submitted to the Court Clerk were not accompanied by a check payable to the Court Fund representing all moneys collected. Upon subsequent request by the Court Clerk, the remaining money collected was submitted.
2. The remaining bank balance in the Bond and Fine account of \$53,429 was not identified with receipts issued but not yet entered on the arrest reports as required by Ark. Code Ann. § 16-10-207. Also, remaining bank balances in the Circuit and Fee accounts of \$186,790 and \$231,648, respectively, were not identified. A similar finding was noted in the previous audit.
3. The Sheriff's office again did not notify the Circuit Judge, in writing, of the fines and cost assessed but not collected in accordance with the Circuit Court order.

County Clerk

1. Cash receipt and disbursement journals again did not have monthly totals and disbursements were not correctly classified as required by Ark. Code Ann. § 14-25-109.
2. Employee leave records were not properly updated, resulting in 13 instances of employee leave time exceeding the maximum carryover allowed by the county leave policy. A similar finding was noted in the previous audit.

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 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.

DIVISION OF LEGISLATIVE AUDIT


June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
July 29, 2010

FAULKNER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2009

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds In The Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 6,786,176	\$ 3,907,742	\$ 13,732,329
Accounts receivable	928,297	352,299	975,922
 TOTAL ASSETS	 <u>\$ 7,714,473</u>	 <u>\$ 4,260,041</u>	 <u>\$ 14,708,251</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		\$ 119,860	\$ 43,463
Settlements pending			4,340,109
Total Liabilities		<u>119,860</u>	<u>4,383,572</u>
 Fund Balances:			
Reserved (Note 7)	\$ 249,679	4,140,181	10,324,679
Unreserved:			
Undesignated	7,464,794		
Total Fund Balances	<u>7,714,473</u>	<u>4,140,181</u>	<u>10,324,679</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 7,714,473</u>	 <u>\$ 4,260,041</u>	 <u>\$ 14,708,251</u>

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

FAULKNER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Exhibit B

	General	Road	Other Funds In The Aggregate
REVENUES			
State aid	\$ 1,536,109	\$ 2,021,205	\$ 227,867
Federal aid	471		110,447
Property taxes	5,499,621	2,290,641	1,393,724
Sales taxes			7,298,924
Fines, forfeitures, and costs	1,151,195		246,771
Interest	65,532	46,827	120,572
Officers' fees	248,382		1,271,131
911 fees			514,046
Jail fees	1,808,303		185,417
Treasurer's commission	250,450		47,232
Collector's commission	389,587		80,000
Taxes apportioned - Assessor's salary and expense	930,547		
Other	893,736	371,378	344,037
 TOTAL REVENUES	 12,773,933	 4,730,051	 11,840,168
 Less: Treasurer's commission	 186,870	 84,439	 67,279
 NET REVENUES	 12,587,063	 4,645,612	 11,772,889
 EXPENDITURES			
Current:			
General government	3,856,940		1,143,252
Law enforcement	6,029,995		4,259,775
Highways and streets		3,282,553	4,694,375
Public safety	132,688		461,646
Health	94,065		
Recreation and culture	4,500		1,348,249
Social services	88,601		
Total Current	10,206,789	3,282,553	11,907,297

FAULKNER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds In The Aggregate</u>
EXPENDITURES (CONTINUED)			
Debt Service:			
Principal - notes payable			\$ 203,781
Interest - notes payable			4,452
TOTAL EXPENDITURES	<u>\$ 10,206,789</u>	<u>\$ 3,282,553</u>	<u>12,115,530</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,380,274</u>	<u>1,363,059</u>	<u>(342,641)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	423,303	35,901	233,868
Transfers out	<u>(125,024)</u>	<u></u>	<u>(568,048)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>298,279</u>	<u>35,901</u>	<u>(334,180)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,678,553	1,398,960	(676,821)
FUND BALANCES - JANUARY 1	<u>5,035,920</u>	<u>2,741,221</u>	<u>11,001,500</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 7,714,473</u></u>	<u><u>\$ 4,140,181</u></u>	<u><u>\$ 10,324,679</u></u>

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

FAULKNER 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, 2009

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,331,300	\$ 1,536,109	\$ 204,809	\$ 2,142,500	\$ 2,021,205	\$ (121,295)
Federal aid		471	471			
Property taxes	4,560,350	5,499,621	939,271	1,617,100	2,290,641	673,541
Fines, forfeitures, and costs	1,025,010	1,151,195	126,185			
Interest	48,500	65,532	17,032	50,120	46,827	(3,293)
Officers' fees	196,715	248,382	51,667			
Jail fees	695,000	1,808,303	1,113,303			
Treasurer's commission	185,000	250,450	65,450			
Collector's commission	370,000	389,587	19,587			
Taxes apportioned - Assessor's salary and expense	985,000	930,547	(54,453)			
Other	495,120	893,736	398,616	235,330	371,378	136,048
TOTAL REVENUES	9,891,995	12,773,933	2,881,938	4,045,050	4,730,051	685,001
Less: Treasurer's commission		186,870	(186,870)		84,439	(84,439)
NET REVENUES	9,891,995	12,587,063	2,695,068	4,045,050	4,645,612	600,562
EXPENDITURES						
Current:						
General government	5,731,903	3,856,940	1,874,963			
Law enforcement	6,147,937	6,029,995	117,942			
Highways and streets				3,787,617	3,282,553	505,064
Public safety	424,175	132,688	291,487			
Health	196,500	94,065	102,435			
Recreation and culture	4,500	4,500				
Social services	84,819	88,601	(3,782)			
TOTAL EXPENDITURES	12,589,834	10,206,789	2,383,045	3,787,617	3,282,553	505,064

FAULKNER 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, 2009

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,697,839)	\$ 2,380,274	\$ 5,078,113	\$ 257,433	\$ 1,363,059	\$ 1,105,626
OTHER FINANCING SOURCES (USES)						
Transfers in	424,211	423,303	(908)	35,901	35,901	
Transfers out		(125,024)	(125,024)			
TOTAL OTHER FINANCING SOURCES (USES)	424,211	298,279	(125,932)	35,901	35,901	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,273,628)	2,678,553	4,952,181	293,334	1,398,960	1,105,626
FUND BALANCES - JANUARY 1	3,395,414	5,035,920	1,640,506	2,071,273	2,741,221	669,948
FUND BALANCES - DECEMBER 31	\$ 1,121,786	\$ 7,714,473	\$ 6,592,687	\$ 2,364,607	\$ 4,140,181	\$ 1,775,574

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

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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. The following funds of the County are not presented in this report: Mayflower Water, Homeland Security, and Teen Court.

B. Basis of Presentation - Regulatory Fund Accounting

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas Code. 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 fund; notes to financial statements; and a supplemental schedule of capital assets.

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 the primary 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, Tax Assessor's Late Assessment Fee, Rural Fire Protection, Commissary, and Drug-Buy.

Road Fund - The Road Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures 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 revenue sources that are legally restricted to expenditures for specific purposes. The following Special Revenue Funds are reported with other funds in the aggregate: County Recorder's Cost, Breathalyzer, Emergency Squad, County Library, Road Sales Tax, Public Defender, Jail Fees, Juvenile Services (Act 1262 of 1995), Emergency 911, Treasurer's 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's Cost, Collector's Automation, Museum, Wastewater Feasibility Study, Public Safety (Act 749 of 1983), Jail Booking, Communication Facility and Equipment, Animal Control, Wastewater Feasibility Matching, Federal Drug Forfeiture, Rural Broadband Grant, and Citizen Corp Grant.

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.

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's Commission, Collector's Unapportioned, Delinquent Personal, Delinquent Real Estate, Soil Conservation, Administration of Justice, Assessor's Salary, Collector's Commission, Act 1262 of 1995, County General School, Law Library, Arkansas Forestry Commission, State Crime Lab, Sex and Child Offender, Law School, School, City, Property Tax Relief, Improvement District, DNA Detection [Act 737 of 1997], Drug Crime Assessment, and Court Technology Improvement); 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 (Juvenile).

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas Code. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues 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 sixty (60) days of the end of the current period. Expenditures generally are recorded when a liability is incurred. 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.

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.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs trust funds, officers' 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 that is not appropriable for expenditure or is legally segregated for a specific future use.
2. Undesignated Fund Balance indicates that portion of fund balance not reserved or designated.

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.

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 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.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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: Accounts Receivable

The accounts receivable balance at December 31, 2009 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 127,678	\$ 162,000	\$ 1,941
Federal aid	471		
Jail fees	178,648		22,787
Property taxes	47,268	89,155	139,208
Sales taxes			593,600
Officers' fees	26,015		81,171
Fines, forfeitures, and costs	85,139		11,387
911 fees			87,682
Interest	1,987	5,277	7,052
Treasurer's Commission	29,471		
Collector's Commission	60,491		
Assessor's Salary and Expense	98,751		
Other	272,378	95,867	31,094
Totals	<u>\$ 928,297</u>	<u>\$ 352,299</u>	<u>\$ 975,922</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2009 is composed of the following:

Description	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 119,860</u>	<u>\$ 43,463</u>

NOTE 6: 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, 2009, the legal debt limit for bonded debt was \$131,820,396. 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, 2009, the legal debt limit for short-term financing obligations was \$33,890,563. There were no short-term financing obligations.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 7: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2009
<u>General</u>	
Tax Assessor's Late Assessment Fee	\$ 22,953
Rural Fire Protection	5,360
Commissary	190,303
Drug-Buy	31,063
Total General	\$ 249,679
<u>Road</u>	\$ 4,140,181
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
County Recorder's Cost	\$ 951,208
Breathalyzer	4,789
Emergency Squad	98,954
County Library	1,006,288
Road Sales Tax	3,903,277
Public Defender	55,461
Jail Fees	50,021
Juvenile Services (Act 1262 of 1995)	10,400
Emergency 911	274,323
Treasurer's Automation	50,471
Jail Fines	284,734
Public Safety Answering Point	244,047
Victim/Witness	6,713
Child Support	59,843
Juvenile Probation Fees	109,903
Juvenile Jail Grant	21,215
Public Defender Investigator	77,684
Juvenile Court Representation	1,802
County Clerk's Cost	24,964
Collector's Automation	163,660
Museum	61,652
Wastewater Feasibility Study	1,702
Public Safety (Act 749 of 1983)	5,098
Jail Booking	37,723
Communication Facility and Equipment	379,181
Animal Control	418,029
Wastewater Feasibility Matching	669
Federal Drug Forfeiture	33,258
Citizen Corp Grant	16
Total Special Revenue	8,337,085
Capital Projects Funds:	
Criminal Justice Sales Tax	1,786,533
Library Sales Tax	201,061
Total Capital Projects	1,987,594
Total Other Funds in the Aggregate	\$ 10,324,679

FAULKNER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2009:

	December 31, 2009
Noncancellable Lease	\$ 1,023

Compensated Absences

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

Post-Employment Benefits Other Than Pensions

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

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 amount for the next year:

Year	December 31, 2009
2010	\$ 1,023

Rental expense for 2009 was \$3,068.

NOTE 9: Interfund Transfers

The General Fund transferred \$89,123 to the Other Funds in the Aggregate for refund of workmen's compensation overpayment (\$42,490), purchase of Sheriff's vehicle (\$8,180), and Juvenile Probation salary expense (\$38,453). The General Fund also transferred \$35,901 to the Road Fund to supplement road expenditures. The Other Funds in the Aggregate transferred to the General Fund \$421,941 to defray administrative expenses and \$1,362 to close the Rural Broadband Grant Fund. Additionally within the Other Funds in the Aggregate, the County transferred \$144,745 to defray administrative and operating expenses.

NOTE 10: 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 2009. Separate financial statements of the Faulkner-Van Buren Regional Library are not available.

NOTE 11: 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.

FAULKNER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11: Risk Management (Continued)

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.

NOTE 12: 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.

FAUKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	SPECIAL REVENUE FUNDS								
	County Recorder's Cost	Breathalyzer	Emergency Squad	County Library	Road Sales Tax	Public Defender	Jail Fees	Juvenile Services (Act 1262 of 1995)	Emergency 911
ASSETS									
Cash and cash equivalents	\$ 871,996	\$ 4,789	\$ 92,694	\$ 947,047	\$ 3,644,345	\$ 55,461	\$ 37,631	\$ 10,400	\$ 234,186
Accounts receivable	79,212		6,260	59,241	302,395		12,390		40,137
TOTAL ASSETS	<u>\$ 951,208</u>	<u>\$ 4,789</u>	<u>\$ 98,954</u>	<u>\$ 1,006,288</u>	<u>\$ 3,946,740</u>	<u>\$ 55,461</u>	<u>\$ 50,021</u>	<u>\$ 10,400</u>	<u>\$ 274,323</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 43,463				
Settlements pending									
Total Liabilities					<u>43,463</u>				
Fund Balances:									
Reserved (Note 7)	\$ 951,208	\$ 4,789	\$ 98,954	\$ 1,006,288	3,903,277	\$ 55,461	\$ 50,021	\$ 10,400	\$ 274,323
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 951,208</u>	<u>\$ 4,789</u>	<u>\$ 98,954</u>	<u>\$ 1,006,288</u>	<u>\$ 3,946,740</u>	<u>\$ 55,461</u>	<u>\$ 50,021</u>	<u>\$ 10,400</u>	<u>\$ 274,323</u>

FAUKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees	Juvenile Jail Grant	Public Defender Investigator
ASSETS								
Cash and cash equivalents	\$ 50,471	\$ 260,643	\$ 193,610	\$ 6,713	\$ 59,843	\$ 104,469	\$ 21,215	\$ 77,684
Accounts receivable		24,091	50,437			5,434		
TOTAL ASSETS	\$ 50,471	\$ 284,734	\$ 244,047	\$ 6,713	\$ 59,843	\$ 109,903	\$ 21,215	\$ 77,684
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								
Settlements pending								
Total Liabilities								
Fund Balances:								
Reserved (Note 7)	\$ 50,471	\$ 284,734	\$ 244,047	\$ 6,713	\$ 59,843	\$ 109,903	\$ 21,215	\$ 77,684
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,471	\$ 284,734	\$ 244,047	\$ 6,713	\$ 59,843	\$ 109,903	\$ 21,215	\$ 77,684

FAUKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

SPECIAL REVENUE FUNDS									
	Juvenile Court Representation	County Clerk's Cost	Collector's Automation	Museum	Wastewater Feasibility Study	Public Safety (Act 749 of 1983)	Jail Booking	Communication Facility and Equipment	Animal Control
ASSETS									
Cash and cash equivalents	\$ 1,802	\$ 20,561	\$ 83,660	\$ 58,760	\$ 1,702	\$ 5,098	\$ 37,723	\$ 379,181	\$ 413,491
Accounts receivable		4,403	80,000	2,892					4,538
TOTAL ASSETS	<u>\$ 1,802</u>	<u>\$ 24,964</u>	<u>\$ 163,660</u>	<u>\$ 61,652</u>	<u>\$ 1,702</u>	<u>\$ 5,098</u>	<u>\$ 37,723</u>	<u>\$ 379,181</u>	<u>\$ 418,029</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Reserved (Note 7)	<u>\$ 1,802</u>	<u>\$ 24,964</u>	<u>\$ 163,660</u>	<u>\$ 61,652</u>	<u>\$ 1,702</u>	<u>\$ 5,098</u>	<u>\$ 37,723</u>	<u>\$ 379,181</u>	<u>\$ 418,029</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,802</u>	<u>\$ 24,964</u>	<u>\$ 163,660</u>	<u>\$ 61,652</u>	<u>\$ 1,702</u>	<u>\$ 5,098</u>	<u>\$ 37,723</u>	<u>\$ 379,181</u>	<u>\$ 418,029</u>

FAUKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	Wastewater Feasibility Matching	Federal Drug Forfeiture	Citizen Corp Grant	Criminal Justice Sales Tax	Library Sales Tax
ASSETS					
Cash and cash equivalents	\$ 669	\$ 33,258	\$ 16	\$ 1,482,041	\$ 201,061
Accounts receivable				304,492	
TOTAL ASSETS	\$ 669	\$ 33,258	\$ 16	\$ 1,786,533	\$ 201,061
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					
Settlements pending					
Total Liabilities					
Fund Balances:					
Reserved (Note 7)	\$ 669	\$ 33,258	\$ 16	\$ 1,786,533	\$ 201,061
TOTAL LIABILITIES AND FUND BALANCES	\$ 669	\$ 33,258	\$ 16	\$ 1,786,533	\$ 201,061

FAUKNER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

AGENCY FUNDS							
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Account	Totals
ASSETS							
Cash and cash equivalents	\$ 2,933,119	\$ 368,512	\$ 527,291	\$ 72,694	\$ 427,993	\$ 10,500	\$ 13,732,329
Accounts receivable							975,922
TOTAL ASSETS	<u>\$ 2,933,119</u>	<u>\$ 368,512</u>	<u>\$ 527,291</u>	<u>\$ 72,694</u>	<u>\$ 427,993</u>	<u>\$ 10,500</u>	<u>\$ 14,708,251</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 43,463
Settlements pending	\$ 2,933,119	\$ 368,512	\$ 527,291	\$ 72,694	\$ 427,993	\$ 10,500	4,340,109
Total Liabilities	<u>2,933,119</u>	<u>368,512</u>	<u>527,291</u>	<u>72,694</u>	<u>427,993</u>	<u>10,500</u>	<u>4,383,572</u>
Fund Balances:							
Reserved (Note 7)							<u>10,324,679</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,933,119</u>	<u>\$ 368,512</u>	<u>\$ 527,291</u>	<u>\$ 72,694</u>	<u>\$ 427,993</u>	<u>\$ 10,500</u>	<u>\$ 14,708,251</u>

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS							
	County Recorder's Cost	Breathalyzer	Emergency Squad	County Library	Road Sales Tax	Public Defender	Jail Fees	Juvenile Services (Act 1262 of 1995)
REVENUES								
State aid			\$ 14,286	\$ 188,848		\$ 3,950		
Federal aid								
Property taxes			91,260	1,137,876				
Sales taxes					\$ 3,649,462			
Fines, forfeitures, and costs						33,318	\$ 147,739	\$ 13,837
Interest	\$ 10,507	\$ 36	470	11,474	56,223	441	497	97
Officers' fees	920,089							
911 fees								
Jail fees								
Treasurer's commission								
Collector's commission								
Other	6,950		4,051	98,453	120,150	292	2,168	108
TOTAL REVENUES	937,546	36	110,067	1,436,651	3,825,835	38,001	150,404	14,042
Less: Treasurer's commission	18,160		2,062	25,207		629	2,663	302
NET REVENUES	919,386	36	108,005	1,411,444	3,825,835	37,372	147,741	13,740
EXPENDITURES								
Current:								
General government	726,541					35,880		
Law enforcement								
Highways and streets					4,694,375			
Public safety			60,165					
Recreation and culture				1,221,559				
Total Current	726,541		60,165	1,221,559	4,694,375	35,880		
Debt Service:								
Principal - notes payable								
Interest - notes payable								
TOTAL EXPENDITURES	726,541		60,165	1,221,559	4,694,375	35,880		

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS							
	County Recorder's Cost	Breathalyzer	Emergency Squad	County Library	Road Sales Tax	Public Defender	Jail Fees	Juvenile Services (Act 1262 of 1995)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 192,845	\$ 36	\$ 47,840	\$ 189,885	\$ (868,540)	\$ 1,492	\$ 147,741	\$ 13,740
OTHER FINANCING SOURCES (USES)								
Transfers in	2,000			2,600				
Transfers out	<u>(102,942)</u>			<u>2,600</u>		<u>(324)</u>	<u>(125,000)</u>	<u>(12,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,942)</u>			<u>2,600</u>		<u>(324)</u>	<u>(125,000)</u>	<u>(12,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	91,903	36	47,840	192,485	(868,540)	1,168	22,741	1,740
FUND BALANCES - JANUARY 1	<u>859,305</u>	<u>4,753</u>	<u>51,114</u>	<u>813,803</u>	<u>4,771,817</u>	<u>54,293</u>	<u>27,280</u>	<u>8,660</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 951,208</u></u>	<u><u>\$ 4,789</u></u>	<u><u>\$ 98,954</u></u>	<u><u>\$ 1,006,288</u></u>	<u><u>\$ 3,903,277</u></u>	<u><u>\$ 55,461</u></u>	<u><u>\$ 50,021</u></u>	<u><u>\$ 10,400</u></u>

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS								
	Emergency 911	Treasurer's Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees	Juvenile Jail Grant	Public Defender Investigator
REVENUES									
State aid								\$ 20,783	
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs					\$ 23,878				\$ 11,047
Interest	\$ 1,514	\$ 377	\$ 2,124	\$ 1,459	74	\$ 475	\$ 784	202	634
Officers' fees						13,349	89,937		
911 fees	389,308			124,738					
Jail fees			185,417						
Treasurer's commission		47,232							
Collector's commission									
Other	23,830	30	2,430	307	191	173	12,176		97
TOTAL REVENUES	414,652	47,639	189,971	126,504	24,143	13,997	102,897	20,985	11,778
Less: Treasurer's commission	7,682		3,463		437	270	1,833		221
NET REVENUES	406,970	47,639	186,508	126,504	23,706	13,727	101,064	20,985	11,557
EXPENDITURES									
Current:									
General government		46,171							
Law enforcement					46,269	6,438	152,114		
Highways and streets									
Public safety	338,581			55,927					
Recreation and culture									
Total Current	338,581	46,171		55,927	46,269	6,438	152,114		
Debt Service:									
Principal - notes payable									
Interest - notes payable									
TOTAL EXPENDITURES	338,581	46,171		55,927	46,269	6,438	152,114		

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS								
	Emergency 911	Treasurer's Automation	Jail Fines	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees	Juvenile Jail Grant	Public Defender Investigator
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 68,389	\$ 1,468	\$ 186,508	\$ 70,577	\$ (22,563)	\$ 7,289	\$ (51,050)	\$ 20,985	\$ 11,557
OTHER FINANCING SOURCES (USES)									
Transfers in	2,300				25,200		86,698		
Transfers out			(171,500)			(3,389)	(1,236)	(26,468)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,300		(171,500)		25,200	(3,389)	85,462	(26,468)	(25,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	70,689	1,468	15,008	70,577	2,637	3,900	34,412	(5,483)	(13,443)
FUND BALANCES - JANUARY 1	203,634	49,003	269,726	173,470	4,076	55,943	75,491	26,698	91,127
FUND BALANCES - DECEMBER 31	<u>\$ 274,323</u>	<u>\$ 50,471</u>	<u>\$ 284,734</u>	<u>\$ 244,047</u>	<u>\$ 6,713</u>	<u>\$ 59,843</u>	<u>\$ 109,903</u>	<u>\$ 21,215</u>	<u>\$ 77,684</u>

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS								
	Juvenile Court Representation	County Clerk's Cost	Collector's Automation	Museum	Wastewater Feasibility Study	Public Safety (Act 749 of 1983)	Jail Booking	Communication Facility and Equipment	Animal Control
REVENUES									
State aid									
Federal aid									
Property taxes				\$ 64,037					\$ 100,551
Sales taxes									
Fines, forfeitures, and costs									
Interest	\$ 14	\$ 181	\$ 938	454	\$ 82	\$ 570 37	\$ 16,382 236	\$ 1,494	2,704
Officers' fees		47,598						200,158	
911 fees									
Jail fees									
Treasurer's commission									
Collector's commission			80,000						
Other		701		1,587		5	138		1,573
TOTAL REVENUES	14	48,480	80,938	66,078	82	612	16,756	201,652	104,828
Less: Treasurer's commission		931		1,193		12	355		1,859
NET REVENUES	14	47,549	80,938	64,885	82	600	16,401	201,652	102,969
EXPENDITURES									
Current:									
General government		27,725	93,117		29,667				
Law enforcement								95,137	
Highways and streets									
Public safety									
Recreation and culture				64,284					
Total Current		27,725	93,117	64,284	29,667			95,137	
Debt Service:									
Principal - notes payable									
Interest - notes payable									
TOTAL EXPENDITURES		27,725	93,117	64,284	29,667			95,137	

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS								
	Juvenile Court Representation	County Clerk's Cost	Collector's Automation	Museum	Wastewater Feasibility Study	Public Safety (Act 749 of 1983)	Jail Booking	Communication Facility and Equipment	Animal Control
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 14	\$ 19,824	\$ (12,179)	\$ 601	\$ (29,585)	\$ 600	\$ 16,401	\$ 106,515	\$ 102,969
OTHER FINANCING SOURCES (USES)									
Transfers in		140		250					
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)		140		250					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	14	19,964	(12,179)	851	(29,585)	600	16,401	106,515	102,969
FUND BALANCES - JANUARY 1	1,788	5,000	175,839	60,801	31,287	4,498	21,322	272,666	315,060
FUND BALANCES - DECEMBER 31	<u>\$ 1,802</u>	<u>\$ 24,964</u>	<u>\$ 163,660</u>	<u>\$ 61,652</u>	<u>\$ 1,702</u>	<u>\$ 5,098</u>	<u>\$ 37,723</u>	<u>\$ 379,181</u>	<u>\$ 418,029</u>

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		Totals
	Wastewater Feasibility Matching	Federal Drug Forfeiture	Rural Broadband Grant	Citizen Corp Grant	Criminal Justice Sales Tax	Library Sales Tax	
REVENUES							
State aid							\$ 227,867
Federal aid				\$ 6,973	\$ 103,474		110,447
Property taxes							1,393,724
Sales taxes					3,649,462		7,298,924
Fines, forfeitures, and costs							246,771
Interest	\$ 39	\$ 278	\$ 447	16	22,732	\$ 3,532	120,572
Officers' fees							1,271,131
911 fees							514,046
Jail fees							185,417
Treasurer's commission							47,232
Collector's commission							80,000
Other					68,627		344,037
TOTAL REVENUES	39	278	447	6,989	3,844,295	3,532	11,840,168
Less: Treasurer's commission							67,279
NET REVENUES	39	278	447	6,989	3,844,295	3,532	11,772,889
EXPENDITURES							
Current:							
General government	14,833		169,318				1,143,252
Law enforcement		20,000			3,939,817		4,259,775
Highways and streets							4,694,375
Public safety				6,973			461,646
Recreation and culture						62,406	1,348,249
Total Current	14,833	20,000	169,318	6,973	3,939,817	62,406	11,907,297
Debt Service:							
Principal - notes payable					203,781		203,781
Interest - notes payable					4,452		4,452
TOTAL EXPENDITURES	14,833	20,000	169,318	6,973	4,148,050	62,406	12,115,530

FAULKNER 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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		Totals
	Wastewater Feasibility Matching	Federal Drug Forfeiture	Rural Broadband Grant	Citizen Corp Grant	Criminal Justice Sales Tax	Library Sales Tax	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (14,794)	\$ (19,722)	\$ (168,871)	\$ 16	\$ (303,755)	\$ (58,874)	\$ (342,641)
OTHER FINANCING SOURCES (USES)							
Transfers in					114,680		233,868
Transfers out			(1,362)		(98,827)		(568,048)
TOTAL OTHER FINANCING SOURCES (USES)			(1,362)		15,853		(334,180)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(14,794)	(19,722)	(170,233)	16	(287,902)	(58,874)	(676,821)
FUND BALANCES - JANUARY 1	15,463	52,980	170,233		2,074,435	259,935	11,001,500
FUND BALANCES - DECEMBER 31	\$ 669	\$ 33,258	\$ 0	\$ 16	\$ 1,786,533	\$ 201,061	\$ 10,324,679

FAULKNER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
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	Faulkner County Ordinance no. 77-23 (June 7, 1977) established fund to provide emergency services to the County.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.
Road Sales Tax	Faulkner County Ordinance nos. 99-24 (December 28, 1999) and 99-25 (December 28, 1999) established fund to receive road sales tax to be used to construct and maintain roads in the County.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Jail Fees	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.
Juvenile Services (Act 1262 of 1995)	Ark. Code Ann. § 9-27-306 established fund to receive Circuit Court costs to be used for juvenile services.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
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 record keeping system.
Jail Fines	Faulkner County Ordinance no. 03-14 (July 16, 2003) established fund to help defray the expense of incarcerating prisoners in the County Jail.
Public Safety Answering Point	Ark. Code Ann. § 12-10-305 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 cost levied to be used by Prosecuting Attorney for operating victim/witness program.
Child Support	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.

FAULKNER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
Juvenile Probation Fees	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the Juvenile Division of Circuit Court.
Juvenile Jail Grant	State grant for Juvenile incarceration.
Public Defender Investigator	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Juvenile Court Representation	Ark. Code Ann. § 9-27-326 established fund to collect fees and costs to offset expenses of juvenile cases.
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.
Collector's Automation	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.
Museum	Faulkner County Ordinance no. 01-11 (April 18, 2001) established a voluntary millage to support the county museum.
Wastewater Feasibility Study	Faulkner County Ordinance no. 08-09 (April 15, 2008) established a fund for a state grant for wastewater feasibility study.
Public Safety (Act 749 of 1983)	Ark. Code Ann. § 27-34-108 established fund to receive court costs to be used for the promotion of public safety.
Jail Booking	Ark. Code Ann. § 12-41-505 established fund to receive revenues from booking fees to be used for police equipment.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Animal Control	Faulkner County Ordinance no. 05-11 (May 17, 2005) established a fund to be used for animal control.
Wastewater Feasibility Matching	Faulkner County Ordinance no. 08-09 (April 15, 2008) established a fund for matching portion of wastewater feasibility study.
Federal Drug Forfeiture	Fund established to receive federal drug seizure cases.
Rural Broadband Grant	Faulkner County Ordinance no. 08-22 (September 16, 2008) established a fund for state grant for County Multi-Activity Project to connect Arkansas to broadband.

FAULKNER COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
FOR THE YEAR ENDED DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
Citizen Corp Grant	Fund established to receive grant from the Arkansas Department of Emergency Management to provide assistance to achieve homeland security strategies and initiatives.
Criminal Justice Sales Tax	Faulkner County Ordinance nos. 99-24 (December 28, 1999) and 99-25 (December 28, 1999) established the fund to receive sales tax to be used for criminal justice purposes.
Library Sales Tax	Ordinance no. 92-01 (01/22/1992) established a fund to receive sales tax to be used for library purposes.

Treasurer's accounts consist primarily of property taxes, commissions, and interest not yet distributed to the appropriate entities.

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 fee money to be settled with Treasurer.

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

District Court account consists primarily of fines and costs not yet distributed to the county and/or state.

FAULKNER COUNTY, ARKANSAS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 DECEMBER 31, 2009
 (Unaudited)

Schedule 3

		December 31, 2009
A.	<u>General Fixed Assets</u>	
	Land and Buildings	\$ 15,924,505
	Equipment	<u>11,272,721</u>
	Total	<u>27,197,226</u>
B.	<u>Fixed Assets - Library</u>	
	Land and Buildings	4,033,744
	Equipment	<u>258,320</u>
	Total	<u>4,292,064</u>
C.	<u>Fixed Assets - Museum</u>	
	Land and Buildings	105,000
	Equipment	<u>16,236</u>
	Total	<u>121,236</u>
	Total	<u><u>\$ 31,610,526</u></u>

FAULKNER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2009
(Unaudited)

Schedule 4

<u>General</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Assets	\$ 7,714,473	\$ 5,053,686	\$ 3,055,105	\$ 2,692,248	\$ 2,274,022
Total Liabilities		17,766			
Total Fund Balances	7,714,473	5,035,920	3,055,105	2,692,248	2,274,022
Net Revenues	12,587,063	11,661,066	9,377,979	8,673,775	7,776,913
Total Expenditures	10,206,789	10,498,710	9,194,674	8,432,929	8,087,965
<u>Road</u>					
Total Assets	\$ 4,260,041	\$ 2,749,315	\$ 2,710,219	\$ 2,962,471	\$ 2,949,403
Total Liabilities	119,860	8,094			
Total Fund Balances	4,140,181	2,741,221	2,710,219	2,962,471	2,949,403
Net Revenues	4,645,612	4,533,117	4,365,689	3,718,266	3,593,251
Total Expenditures	3,282,553	4,612,586	4,617,941	3,705,198	4,019,582
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 14,708,251	\$ 15,314,998	\$ 13,194,737	\$ 9,785,150	\$ 10,742,279
Total Liabilities	4,383,572	4,312,535	4,716,326	3,278,907	3,774,154
Total Fund Balances	10,324,679	11,002,463	8,478,411	6,506,243	6,968,125
Net Revenues	11,772,889	12,250,160	10,503,320	9,657,345	8,728,307
Total Expenditures	12,115,530	9,805,001	8,751,600	9,941,846	12,158,466

The financial statements are prepared on the regulatory basis of accounting as reported in Note 1(C) of the audit reports.