

**Faulkner County, Arkansas**  
**Regulatory Basis Financial Statements**  
**and Other Reports**

**December 31, 2010**

LEGISLATIVE JOINT AUDITING COMMITTEE

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**Sen. Bill Pritchard**  
Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
Senate Vice Chair  
**Rep. Toni Bradford**  
House 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, 2010, 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, 2010, 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, Lake Conway Sewer Project, 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, Lake Conway Sewer Project, 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, 2010, 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, 2010, 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 December 8, 2011 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 cursive script, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas  
December 8, 2011  
LOCO02310

**Sen. Bill Pritchard**  
Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
Senate Vice Chair  
**Rep. Toni Bradford**  
House 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, 2010, and have issued our report thereon dated December 8, 2011. 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, Lake Conway Sewer Project, and Teen Court Funds, which are material to the 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.

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 material 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:

2010-1 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, and 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 2010:

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

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

#### **County Judge**

Competitive bids were not taken for all purchases in excess of \$20,000 as required by Ark. Code Ann. §§ 14-22-101 -115.

#### **Sheriff**

The remaining bank balance in the Bond and Fine account of \$41,500 was not identified with receipts issued but not yet entered on the arrest reports as required by Ark. Code Ann. § 16-10-207. Also, the remaining balances in the Circuit and Fee accounts of \$174,917 and \$98,826, respectively, were not identified. A similar finding was issued in the prior report.

*We discovered the following information systems weaknesses during a review of computers:*

#### **Sheriff**

The Disaster Recovery Plan in place was inadequate (both technical and end-user) for restoring from short-term or long-term interruptions of computer processing. This situation could cause the entity to be without computer processing for an extended period of time in the event of a disaster or major interruption and could also place a financial and personnel burden on the resources of the entity.

#### **Tax Collector**

Password controls did not meet minimum standards. Passwords were not required to be changed after initial logon. Minimum number of characters required in passwords was below industry standards. Passwords were not required to contain a mixture of alpha and numeric characters. Password history file was not maintained to prevent re-use of previous passwords. Failure to establish proper password controls increased the likelihood that an unauthorized person could have gained access to the system.

#### **Assessor**

Password controls did not meet minimum standards. Passwords were not required to be changed after initial logon. Minimum number of characters required in passwords was below industry standards. Passwords were not required to contain a mixture of alpha and numeric characters. Password history file was not maintained to prevent re-use of previous passwords. Failure to establish proper password controls increased the likelihood that an unauthorized person could have gained access to the system.

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

A handwritten signature in cursive script that reads "June M. Barron".

June M. Barron, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 8, 2011

FAULKNER COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2010

Exhibit A

	General	Road	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,898,256	\$ 5,554,054	\$ 15,933,543
Accounts receivable	939,330	379,422	1,095,486
	\$ 8,837,586	\$ 5,933,476	\$ 17,029,029
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 18,356		\$ 4,162
Settlements pending			4,171,724
Total Liabilities	18,356		4,175,886
Fund Balances:			
Reserved (Note 7)	293,030	\$ 5,933,476	12,853,143
Unreserved:			
Undesignated	8,526,200		
Total Fund Balances	8,819,230	5,933,476	12,853,143
	\$ 8,837,586	\$ 5,933,476	\$ 17,029,029
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			

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, 2010

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,854,664	\$ 2,327,884	\$ 303,467
Federal aid	11,529		75,937
Property taxes	6,045,856	2,160,594	1,453,055
Sales taxes			7,512,240
Fines, forfeitures, and costs	1,096,851		250,926
Interest	85,105	53,781	122,189
Officers' fees	248,474		1,249,800
911 fees			546,970
Jail fees	726,618		358,112
Natural gas severance tax		288,979	
Gas company road reimbursement			1,460,413
Treasurer's commission	252,465		51,323
Collector's commission	412,512		80,000
Taxes apportioned - Assessor's salary and expense	966,907		
Other	625,213	119,077	534,602
	12,326,194	4,950,315	13,999,034
TOTAL REVENUES			
Less: Treasurer's commission	174,155	92,469	70,996
	12,152,039	4,857,846	13,928,038
NET REVENUES			
EXPENDITURES			
Current:			
General government	4,578,231		923,087
Law enforcement	6,365,891		4,359,575
Highways and streets		3,064,551	3,835,755
Public safety	163,348		526,159
Health	91,192		
Recreation and culture	4,500		1,366,981
Social services	232,137		
	11,435,299	3,064,551	11,011,557
TOTAL EXPENDITURES			

FAULKNER COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 716,740	\$ 1,793,295	\$ 2,916,481
OTHER FINANCING SOURCES (USES)			
Transfers in	388,517		99,097
Transfers out	(500)		(487,114)
TOTAL OTHER FINANCING SOURCES (USES)	388,017		(388,017)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,104,757	1,793,295	2,528,464
FUND BALANCES - JANUARY 1	7,714,473	4,140,181	10,324,679
FUND BALANCES - DECEMBER 31	\$ 8,819,230	\$ 5,933,476	\$ 12,853,143

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, 2010

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,375,080	\$ 1,854,664	\$ 479,584	\$ 2,121,968	\$ 2,327,884	\$ 205,916
Federal aid	12,000	11,529	(471)			
Property taxes	4,773,760	6,045,856	1,272,096	1,704,900	2,160,594	455,694
Fines, forfeitures, and costs	1,071,055	1,096,851	25,796			
Interest	31,750	85,105	53,355	8,800	53,781	44,981
Officers' fees	207,846	248,474	40,628			
Jail fees	1,050,000	726,618	(323,382)			
Gas company road reimbursement				78,000	288,979	210,979
Treasurer's commission	240,000	252,465	12,465			
Collector's commission	365,000	412,512	47,512			
Taxes apportioned - Assessor's salary and expense	910,000	966,907	56,907			
Other	538,651	625,213	86,562	149,905	119,077	(30,828)
<b>TOTAL REVENUES</b>	<b>10,575,142</b>	<b>12,326,194</b>	<b>1,751,052</b>	<b>4,063,573</b>	<b>4,950,315</b>	<b>886,742</b>
Less: Treasurer's commission		174,155	(174,155)		92,469	(92,469)
<b>NET REVENUES</b>	<b>10,575,142</b>	<b>12,152,039</b>	<b>1,576,897</b>	<b>4,063,573</b>	<b>4,857,846</b>	<b>794,273</b>
EXPENDITURES						
General government	7,327,890	4,578,231	2,749,659			
Law enforcement	7,105,792	6,365,891	739,901			
Highways and streets				4,035,440	3,064,551	970,889
Public safety	197,778	163,348	34,430			
Health	144,500	91,192	53,308			
Recreation and culture	4,500	4,500				
Social services	237,139	232,137	5,002			
<b>TOTAL EXPENDITURES</b>	<b>15,017,599</b>	<b>11,435,299</b>	<b>3,582,300</b>	<b>4,035,440</b>	<b>3,064,551</b>	<b>970,889</b>

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, 2010

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (4,442,457)</u>	<u>\$ 716,740</u>	<u>\$ 5,159,197</u>	<u>\$ 28,133</u>	<u>\$ 1,793,295</u>	<u>\$ 1,765,162</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	666,745	388,517	(278,228)			
Transfers out		<u>(500)</u>	<u>(500)</u>			
TOTAL OTHER FINANCING SOURCES (USES)	<u>666,745</u>	<u>388,017</u>	<u>(278,728)</u>			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,775,712)	1,104,757	4,880,469	28,133	1,793,295	1,765,162
FUND BALANCES - JANUARY 1	<u>5,550,000</u>	<u>7,714,473</u>	<u>2,164,473</u>	<u>3,433,000</u>	<u>4,140,181</u>	<u>707,181</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,774,288</u>	<u>\$ 8,819,230</u>	<u>\$ 7,044,942</u>	<u>\$ 3,461,133</u>	<u>\$ 5,933,476</u>	<u>\$ 2,472,343</u>

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

FAULKNER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**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, Lake Conway Sewer Project, 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 funds; 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, Drug-Buy, and Under-Aged Substance Abuse.

**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, Citizen Corp Grant, Federal Drug Forfeiture, and Grassy Lake Road Project.

**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, Administration of Justice, Assessor's Salary, Collector's Commission, County General School, Property Tax Relief, School, and Improvement District); 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 (Trust and Circuit Bond); and District Court Account (Juvenile).

FAULKNER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**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 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, 2010

**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, 2010 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 316,049	\$ 237,209	\$ 1,764
Federal aid			4,234
Property taxes	242,115	92,322	61,362
Sales taxes			626,510
Fines, forfeitures, and costs	71,712		16,698
Interest	4,205	1,525	1,045
Officers' fees	35,957		94,123
911 fees			45,428
Jail fees	25,529		35,618
Natural gas severance tax		13372	
Gas company road reimbursement			99,385
Treasurer's commission	21,186		2,869
Collector's commission	62,304		80,000
Taxes apportioned - Assessor's salary and expense	82,715		
Other	77,558	34,994	26,450
Totals	<u>\$ 939,330</u>	<u>\$ 379,422</u>	<u>\$ 1,095,486</u>

**NOTE 5: Accounts Payable**

The accounts payable balance at December 31, 2010 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 18,356</u>	<u>\$ 4,162</u>

**NOTE 6: Legal Debt Limit**

A. Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2010, the legal debt limit for bonded debt was \$136,924,884. There were no property tax secured bond issues.

B. Short-Term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2010, the legal debt limit for short-term financing obligations was \$35,443,194. There were no short-term financing obligations.

FAULKNER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE 7: Reserved Fund Balance**

Reserved fund balance consists of the following:

Fund	December 31, 2010
<u>General</u>	
Tax Assessor's Late Assessment Fee	\$ 27,241
Rural Fire Protection	23
Commissary	235,984
Drug-Buy	29,768
Under-Aged Substance Abuse	14
Total General	\$ 293,030
<u>Road</u>	\$ 5,933,476
<u>Other Funds in the Aggregate</u>	
Special Revenue:	
County Recorder's Cost	\$ 1,039,454
Breathalyzer	4,832
Emergency Squad	128,584
County Library	1,187,140
Road Sales Tax	5,708,870
Public Defender	62,515
Jail Fees	65,948
Juvenile Services (Act 1262 of 1995)	11,476
Emergency 911	352,588
Treasurer's Automation	43,648
Jail Fines	454,874
Public Safety Answering Point	309,999
Victim/Witness	8,346
Child Support	57,650
Juvenile Probation Fees	54,756
Juvenile Jail Grant	13,341
Public Defender Investigator	64,593
Juvenile Court Representation	1,818
County Clerk's Cost	36,719
Collector's Automation	149,685
Museum	60,144
Wastewater Feasibility Study	717
Public Safety (Act 749 of 1983)	5,717
Jail Booking	57,585
Communication Facility and Equipment	440,773
Animal Control	522,514
Wastewater Feasibility Matching	175
Federal Drug Forfeiture	28,524
Citizen Corp Grant	16
Grassy Lake Road Project	198
Total Special Revenue	10,873,199
Capital Projects:	
Criminal Justice Sales Tax	1,779,327
Library Sales Tax	200,617
Total Capital Projects	1,979,944
Total Other Funds in the Aggregate	\$ 12,853,143



FAULKNER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE 8: Commitments**

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.

**NOTE 9: Interfund Transfers**

The General Fund transferred \$500 to the Other Funds in the Aggregate to supplement expenditures. The Other Funds in the Aggregate transferred \$388,517 to the General Fund to defray administrative expenses. Additionally, within the Other Funds in the Aggregate \$98,597 was transferred 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 2010. 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.

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.

FAULKNER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE 11: Risk Management (Continued)**

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.

FAULKNER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2010

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	\$ 948,219	\$ 4,832	\$ 122,354	\$ 1,125,172	\$ 5,296,230	\$ 59,395	\$ 53,139	\$ 11,476	\$ 304,723
Accounts receivable	91,235		6,230	61,968	412,640	3,120	12,809		47,865
TOTAL ASSETS	<u>\$ 1,039,454</u>	<u>\$ 4,832</u>	<u>\$ 128,584</u>	<u>\$ 1,187,140</u>	<u>\$ 5,708,870</u>	<u>\$ 62,515</u>	<u>\$ 65,948</u>	<u>\$ 11,476</u>	<u>\$ 352,588</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Reserved (Note 7)	<u>\$ 1,039,454</u>	<u>\$ 4,832</u>	<u>\$ 128,584</u>	<u>\$ 1,187,140</u>	<u>\$ 5,708,870</u>	<u>\$ 62,515</u>	<u>\$ 65,948</u>	<u>\$ 11,476</u>	<u>\$ 352,588</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,039,454</u>	<u>\$ 4,832</u>	<u>\$ 128,584</u>	<u>\$ 1,187,140</u>	<u>\$ 5,708,870</u>	<u>\$ 62,515</u>	<u>\$ 65,948</u>	<u>\$ 11,476</u>	<u>\$ 352,588</u>

FAULKNER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2010

Schedule 1

SPECIAL REVENUE FUNDS									
	Treasurer's Automation	Jail Fines	Federal Drug Forfeiture	Grassy Lake Road Project	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees	Juvenile Jail Grant
ASSETS									
Cash and cash equivalents	\$ 40,778	\$ 416,643	\$ 28,524	\$ 198	\$ 314,161	\$ 6,115	\$ 57,650	\$ 47,979	\$ 13,341
Accounts receivable	2,870	38,231				2,231		6,777	
<b>TOTAL ASSETS</b>	<b>\$ 43,648</b>	<b>\$ 454,874</b>	<b>\$ 28,524</b>	<b>\$ 198</b>	<b>\$ 314,161</b>	<b>\$ 8,346</b>	<b>\$ 57,650</b>	<b>\$ 54,756</b>	<b>\$ 13,341</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 4,162				
Settlements pending									
<b>Total Liabilities</b>					<b>4,162</b>				
Fund Balances:									
Reserved (Note 7)	\$ 43,648	\$ 454,874	\$ 28,524	\$ 198	\$ 309,999	\$ 8,346	\$ 57,650	\$ 54,756	\$ 13,341
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,648</b>	<b>\$ 454,874</b>	<b>\$ 28,524</b>	<b>\$ 198</b>	<b>\$ 314,161</b>	<b>\$ 8,346</b>	<b>\$ 57,650</b>	<b>\$ 54,756</b>	<b>\$ 13,341</b>

FAULKNER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2010

Schedule 1

SPECIAL REVENUE FUNDS									
	Public Defender Investigator	Juvenile Court Representation	County Clerk's Cost	Citizen Corp Grant	Collector's Automation	Museum	Public Safety (Act 749 of 1983)	Animal Control	Jail Booking
ASSETS									
Cash and cash equivalents	\$ 64,593	\$ 1,818	\$ 32,801	\$ 16	\$ 69,685	\$ 56,960	\$ 5,717	\$ 517,615	\$ 57,585
Accounts receivable			3,918		80,000	3,184		4,899	
<b>TOTAL ASSETS</b>	<b>\$ 64,593</b>	<b>\$ 1,818</b>	<b>\$ 36,719</b>	<b>\$ 16</b>	<b>\$ 149,685</b>	<b>\$ 60,144</b>	<b>\$ 5,717</b>	<b>\$ 522,514</b>	<b>\$ 57,585</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Reserved (Note 7)	\$ 64,593	\$ 1,818	\$ 36,719	\$ 16	\$ 149,685	\$ 60,144	\$ 5,717	\$ 522,514	\$ 57,585
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 64,593</b>	<b>\$ 1,818</b>	<b>\$ 36,719</b>	<b>\$ 16</b>	<b>\$ 149,685</b>	<b>\$ 60,144</b>	<b>\$ 5,717</b>	<b>\$ 522,514</b>	<b>\$ 57,585</b>

FAULKNER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2010

Schedule 1

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL PROJECTS FUNDS</u>	
	<u>Wastewater Feasibility Matching</u>	<u>Communication Facility and Equipment</u>	<u>Wastewater Feasibility Study</u>	<u>Criminal Justice Sales Tax</u>	<u>Library Sales Tax</u>
ASSETS					
Cash and cash equivalents	\$ 175	\$ 440,773	\$ 717	\$ 1,461,818	\$ 200,617
Accounts receivable				317,509	
<b>TOTAL ASSETS</b>	<b><u>\$ 175</u></b>	<b><u>\$ 440,773</u></b>	<b><u>\$ 717</u></b>	<b><u>\$ 1,779,327</u></b>	<b><u>\$ 200,617</u></b>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					
Settlements pending					
Total Liabilities					
Fund Balances:					
Reserved (Note 7)	<u>\$ 175</u>	<u>\$ 440,773</u>	<u>\$ 717</u>	<u>\$ 1,779,327</u>	<u>\$ 200,617</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 175</u></b>	<b><u>\$ 440,773</u></b>	<b><u>\$ 717</u></b>	<b><u>\$ 1,779,327</u></b>	<b><u>\$ 200,617</u></b>

FAULKNER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2010

Schedule 1

AGENCY FUNDS							
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 2,754,042	\$ 332,299	\$ 364,851	\$ 138,450	\$ 565,067	\$ 17,015	\$ 15,933,543
Accounts receivable							1,095,486
<b>TOTAL ASSETS</b>	<b><u>\$ 2,754,042</u></b>	<b><u>\$ 332,299</u></b>	<b><u>\$ 364,851</u></b>	<b><u>\$ 138,450</u></b>	<b><u>\$ 565,067</u></b>	<b><u>\$ 17,015</u></b>	<b><u>\$ 17,029,029</u></b>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 4,162
Settlements pending	\$ 2,754,042	\$ 332,299	\$ 364,851	\$ 138,450	\$ 565,067	\$ 17,015	4,171,724
Total Liabilities	<u>2,754,042</u>	<u>332,299</u>	<u>364,851</u>	<u>138,450</u>	<u>565,067</u>	<u>17,015</u>	<u>4,175,886</u>
Fund Balances:							
Reserved (Note 7)							<u>12,853,143</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,754,042</u></b>	<b><u>\$ 332,299</u></b>	<b><u>\$ 364,851</u></b>	<b><u>\$ 138,450</u></b>	<b><u>\$ 565,067</u></b>	<b><u>\$ 17,015</u></b>	<b><u>\$ 17,029,029</u></b>

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, 2010

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)	Emergency 911
REVENUES									
State aid			\$ 12,092	\$ 169,643		\$ 3,862			
Federal aid									
Property taxes			89,461	1,198,766					
Sales taxes					\$ 3,756,120				
Fines, forfeitures, and costs						37,428	\$ 141,962	\$ 13,112	
Interest	\$ 11,351	\$ 43	976	13,622	50,523	541	684	112	\$ 2,513
Officers' fees	926,877								
911 fees									330,067
Jail fees									
Gas company road reimbursement					1,460,413				
Treasurer's commission									
Collector's commission									
Other	7,088		5,989	122,424	277,205	482	1,047	114	48,014
<b>TOTAL REVENUES</b>	<b>945,316</b>	<b>43</b>	<b>108,518</b>	<b>1,504,455</b>	<b>5,544,261</b>	<b>42,313</b>	<b>143,693</b>	<b>13,338</b>	<b>380,594</b>
Less: Treasurer's commission	18,298		2,087	26,622		648	2,766	262	6,438
<b>NET REVENUES</b>	<b>927,018</b>	<b>43</b>	<b>106,431</b>	<b>1,477,833</b>	<b>5,544,261</b>	<b>41,665</b>	<b>140,927</b>	<b>13,076</b>	<b>374,156</b>
EXPENDITURES									
Current:									
General government	735,337								
Law enforcement						34,367			
Highways and streets					3,738,668				
Public safety			76,801						295,891
Recreation and culture				1,296,981					
<b>TOTAL EXPENDITURES</b>	<b>735,337</b>		<b>76,801</b>	<b>1,296,981</b>	<b>3,738,668</b>	<b>34,367</b>			<b>295,891</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>191,681</b>	<b>43</b>	<b>29,630</b>	<b>180,852</b>	<b>1,805,593</b>	<b>7,298</b>	<b>140,927</b>	<b>13,076</b>	<b>78,265</b>
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out	(103,435)					(244)	(125,000)	(12,000)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(103,435)</b>					<b>(244)</b>	<b>(125,000)</b>	<b>(12,000)</b>	
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>88,246</b>	<b>43</b>	<b>29,630</b>	<b>180,852</b>	<b>1,805,593</b>	<b>7,054</b>	<b>15,927</b>	<b>1,076</b>	<b>78,265</b>
FUND BALANCES - JANUARY 1	951,208	4,789	98,954	1,006,288	3,903,277	55,461	50,021	10,400	274,323
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,039,454</b>	<b>\$ 4,832</b>	<b>\$ 128,584</b>	<b>\$ 1,187,140</b>	<b>\$ 5,708,870</b>	<b>\$ 62,515</b>	<b>\$ 65,948</b>	<b>\$ 11,476</b>	<b>\$ 352,588</b>



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, 2010

Schedule 2

SPECIAL REVENUE FUNDS									
	Treasurer's Automation	Jail Fines	Federal Drug Forfeiture	Grassy Lake Road Project	Public Safety Answering Point	Victim/Witness	Child Support	Juvenile Probation Fees	Juvenile Jail Grant
REVENUES									
State aid				\$ 97,087					\$ 20,783
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs						\$ 26,718			
Interest	\$ 507	\$ 3,418	\$ 266	198	\$ 2,505	164	\$ 550	\$ 688	140
Officers' fees							13,244	72,866	
911 fees					216,903				
Jail fees		358,112							
Gas company road reimbursement									
Treasurer's commission	51,323								
Collector's commission									
Other		2,613			11	335	147	35,230	
<b>TOTAL REVENUES</b>	<b>51,830</b>	<b>364,143</b>	<b>266</b>	<b>97,285</b>	<b>219,419</b>	<b>27,217</b>	<b>13,941</b>	<b>108,784</b>	<b>20,923</b>
Less: Treasurer's commission		6,906				451	264	1,427	
<b>NET REVENUES</b>	<b>51,830</b>	<b>357,237</b>	<b>266</b>	<b>97,285</b>	<b>219,419</b>	<b>26,766</b>	<b>13,677</b>	<b>107,357</b>	<b>20,923</b>
EXPENDITURES									
Current:									
General government	58,653								
Law enforcement			5,000			50,133	12,089	161,706	
Highways and streets				97,087					
Public safety					153,467				
Recreation and culture									
<b>TOTAL EXPENDITURES</b>	<b>58,653</b>		<b>5,000</b>	<b>97,087</b>	<b>153,467</b>	<b>50,133</b>	<b>12,089</b>	<b>161,706</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,823)</b>	<b>357,237</b>	<b>(4,734)</b>	<b>198</b>	<b>65,952</b>	<b>(23,367)</b>	<b>1,588</b>	<b>(54,349)</b>	<b>20,923</b>
OTHER FINANCING SOURCES (USES)									
Transfers in						25,000		500	
Transfers out		(187,097)					(3,781)	(1,298)	(28,797)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>(187,097)</b>				<b>25,000</b>	<b>(3,781)</b>	<b>(798)</b>	<b>(28,797)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(6,823)</b>	<b>170,140</b>	<b>(4,734)</b>	<b>198</b>	<b>65,952</b>	<b>1,633</b>	<b>(2,193)</b>	<b>(55,147)</b>	<b>(7,874)</b>
FUND BALANCES - JANUARY 1	50,471	284,734	33,258		244,047	6,713	59,843	109,903	21,215
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 43,648</b>	<b>\$ 454,874</b>	<b>\$ 28,524</b>	<b>\$ 198</b>	<b>\$ 309,999</b>	<b>\$ 8,346</b>	<b>\$ 57,650</b>	<b>\$ 54,756</b>	<b>\$ 13,341</b>

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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS								
	Public Defender Investigator	Juvenile Court Representation	County Clerk's Cost	Citizen Corp Grant	Collector's Automation	Museum	Public Safety (Act 749 of 1983)	Animal Control	Jail Booking
REVENUES									
State aid									
Federal aid									
Property taxes						\$ 64,840		\$ 99,988	
Sales taxes									
Fines, forfeitures, and costs	\$ 11,474						\$ 577		\$ 19,655
Interest	581	\$ 16	\$ 274		\$ 1,003	521	50	5,733	467
Officers' fees			44,624						
911 fees									
Jail fees									
Gas company road reimbursement									
Treasurer's commission									
Collector's commission					80,000				
Other	83		341		37	1,286	4	753	133
<b>TOTAL REVENUES</b>	<b>12,138</b>	<b>16</b>	<b>45,239</b>		<b>81,040</b>	<b>66,647</b>	<b>631</b>	<b>106,474</b>	<b>20,255</b>
Less: Treasurer's commission	229		902			1,302	12	1,989	393
<b>NET REVENUES</b>	<b>11,909</b>	<b>16</b>	<b>44,337</b>		<b>81,040</b>	<b>65,345</b>	<b>619</b>	<b>104,485</b>	<b>19,862</b>
EXPENDITURES									
Current:									
General government			32,582		95,015				
Law enforcement									
Highways and streets									
Public safety									
Recreation and culture						66,853			
<b>TOTAL EXPENDITURES</b>			<b>32,582</b>		<b>95,015</b>	<b>66,853</b>			
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,909</b>	<b>16</b>	<b>11,755</b>		<b>(13,975)</b>	<b>(1,508)</b>	<b>619</b>	<b>104,485</b>	<b>19,862</b>
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out	(25,000)								
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(25,000)</b>								
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(13,091)</b>	<b>16</b>	<b>11,755</b>		<b>(13,975)</b>	<b>(1,508)</b>	<b>619</b>	<b>104,485</b>	<b>19,862</b>
FUND BALANCES - JANUARY 1	77,684	1,802	24,964	\$ 16	163,660	61,652	5,098	418,029	37,723
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 64,593</b>	<b>\$ 1,818</b>	<b>\$ 36,719</b>	<b>\$ 16</b>	<b>\$ 149,685</b>	<b>\$ 60,144</b>	<b>\$ 5,717</b>	<b>\$ 522,514</b>	<b>\$ 57,585</b>

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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		Totals
	Wastewater Feasibility Matching	Communication Facility and Equipment	Wastewater Feasibility Study	Criminal Justice Sales Tax	Library Sales Tax	
REVENUES						
State aid						\$ 303,467
Federal aid				\$ 75,937		75,937
Property taxes						1,453,055
Sales taxes				3,756,120		7,512,240
Fines, forfeitures, and costs						250,926
Interest	\$ 6	\$ 1,923	\$ 15	20,096	2,703	122,189
Officers' fees		192,189				1,249,800
911 fees						546,970
Jail fees						358,112
Gas company road reimbursement						1,460,413
Treasurer's commission						51,323
Collector's commission						80,000
Other				31,266		534,602
<b>TOTAL REVENUES</b>	<b>6</b>	<b>194,112</b>	<b>15</b>	<b>3,883,419</b>	<b>2,703</b>	<b>13,999,034</b>
Less: Treasurer's commission						70,996
<b>NET REVENUES</b>	<b>6</b>	<b>194,112</b>	<b>15</b>	<b>3,883,419</b>	<b>2,703</b>	<b>13,928,038</b>
EXPENDITURES						
Current:						
General government	500		1,000			923,087
Law enforcement		132,520		3,963,760		4,359,575
Highways and streets						3,835,755
Public safety						526,159
Recreation and culture					3,147	1,366,981
<b>TOTAL EXPENDITURES</b>	<b>500</b>	<b>132,520</b>	<b>1,000</b>	<b>3,963,760</b>	<b>3,147</b>	<b>11,011,557</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(494)</b>	<b>61,592</b>	<b>(985)</b>	<b>(80,341)</b>	<b>(444)</b>	<b>2,916,481</b>
OTHER FINANCING SOURCES (USES)						
Transfers in				73,597		99,097
Transfers out				(462)		(487,114)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				<b>73,135</b>		<b>(388,017)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(494)</b>	<b>61,592</b>	<b>(985)</b>	<b>(7,206)</b>	<b>(444)</b>	<b>2,528,464</b>
FUND BALANCES - JANUARY 1	669	379,181	1,702	1,786,533	201,061	10,324,679
FUND BALANCES - DECEMBER 31	<b>\$ 175</b>	<b>\$ 440,773</b>	<b>\$ 717</b>	<b>\$ 1,779,327</b>	<b>\$ 200,617</b>	<b>\$ 12,853,143</b>

FAULKNER COUNTY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2010

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. § 9-27-326 established fund to collect fees and 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.
Federal Drug Forfeiture	Fund established to receive federal drug seizure cases.

FAULKNER COUNTY, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2010

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

<u>Fund Name</u>	<u>Fund Description</u>
Grassy Lake Road Project	Fund established by Ordinance no. 10-17 (July 20, 2010) to receive and disburse funds for the Grassy Lake Road Project.
Public Safety Answering Point Victim/Witness	Ark. Code Ann. § 12-10-305 established fund to be used to provide an answering system for emergency calls. Ark. Code Ann. § 16-21-151 established fund to receive District Court costs 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.
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.
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.
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.
Public Safety (Act 749 of 1983)	Ark. Code Ann. § 27-34-108 established fund to receive 25% of the District Court fines levied for violations of the Child Passenger Protection Code to be used for promotion of public safety.
Animal Control	Faulkner County Ordinance no. 05-11 (May 17, 2005) established a fund to be used for animal control.

FAULKNER COUNTY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2010

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

<u>Fund Name</u>	<u>Fund Description</u>
Jail Booking	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
Wastewater Feasibility Matching	Faulkner County Ordinance no. 08-09 (April 15, 2008) established a fund for matching portions of wastewater feasibility study.
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.
Wastewater Feasibility Study	Faulkner County Ordinance no. 08-09 (April 15, 2008) established a fund for a state grant for wastewater feasibility study.
Criminal Justice Sales Tax	Faulkner County Ordinance nos. 99-24 (December 28, 1999) and 99-25 (December 28, 1999) established fund to receive sales tax to be used for criminal justice purposes.
Library Sales Tax	Ordinance no. 92-01 (January 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 trust money and settlements due to 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, 2010  
 (Unaudited)

Schedule 3

		December 31, 2010
A.	<u>General Fixed Assets</u>	
	Land and Buildings	\$ 16,203,531
	Equipment	11,911,931
	Total	28,115,462
B.	<u>Fixed Assets - Library</u>	
	Land and Buildings	4,033,744
	Equipment	279,819
	Total	4,313,563
C.	<u>Fixed Assets - Museum</u>	
	Land and Buildings	105,000
	Equipment	14,526
	Total	119,526
	Total Capital Assets	\$ 32,548,551

FAULKNER COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
DECEMBER 31, 2010  
(Unaudited)

Schedule 4

<b><u>General</u></b>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Assets	\$ 8,837,586	\$ 7,714,473	\$ 5,053,686	\$ 3,055,105	\$ 2,692,248
Total Liabilities	18,356		17,766		
Total Fund Balances	8,819,230	7,714,473	5,035,920	3,055,105	2,692,248
Net Revenues	12,152,039	12,587,063	11,661,066	9,377,979	8,673,775
Total Expenditures	11,435,299	10,206,789	10,498,710	9,194,674	8,432,929
Total Other Financing Sources/Uses	388,017	298,279	483,408	179,552	177,380
<b><u>Road</u></b>					
Total Assets	\$ 5,933,476	\$ 4,260,041	\$ 2,749,315	\$ 2,710,219	\$ 2,962,471
Total Liabilities		119,860	8,094		
Total Fund Balances	5,933,476	4,140,181	2,741,221	2,710,219	2,962,471
Net Revenues	4,857,846	4,645,612	4,533,117	4,365,689	3,718,266
Total Expenditures	3,064,551	3,282,553	4,612,586	4,617,941	3,705,198
Total Other Financing Sources/Uses		35,901	(414)		
<b><u>Other Funds in the Aggregate</u></b>					
Total Assets	\$ 17,029,029	\$ 14,708,251	\$ 15,314,998	\$ 13,194,737	\$ 9,785,150
Total Liabilities	4,175,886	4,383,572	4,312,535	4,716,326	3,278,907
Total Fund Balances	12,853,143	10,324,679	11,002,463	8,478,411	6,506,243
Net Revenues	13,928,038	11,772,889	12,250,160	10,503,320	9,657,345
Total Expenditures	11,011,557	12,115,530	9,805,001	8,751,600	9,941,846
Total Other Financing Sources/Uses	(388,017)	(334,180)	(482,994)	220,448	(177,380)

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