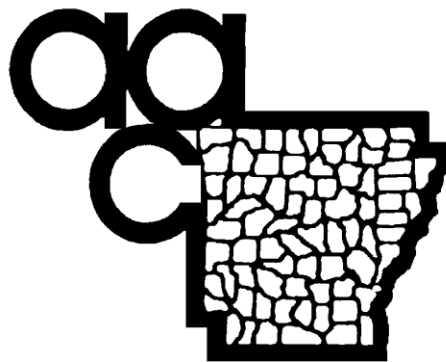


# ***ARKANSAS COUNTY TREASURERS***

## ***PROCEDURES MANUAL***



Compiled, Written and Edited by the

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## FOREWORD

This County Treasurer's procedures manual was compiled by the Association of Arkansas Counties staff. It reflects the current law through the 2009 legislative session and includes a description of the duties, responsibilities, and procedures of the County Treasurer's office. It is not to be construed as legal advice. It presents the law for your information and guidance but specific legal questions should be directed to your county attorney.

We hope this procedures manual will be of help to you as you do the day-to-day business of your county.

A handwritten signature in black ink that reads "Eddie A. Jones". The signature is written in a cursive style with a large, sweeping flourish at the end.

Eddie A. Jones  
Executive Director

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## Chapter One - INTRODUCTION TO COUNTY GOVERNMENT

County government is a political subdivision of the state. County government provides services to all of the citizens of the county, and every resident of Arkansas lives in a county. The services that every county must provide include: (1) the administration of justice through the courts; (2) law enforcement protection and the operation of the jail (3) real and personal property tax administration, including assessments, collection, and custody of tax proceeds; (4) court and public records management; and (5) the required services prescribed by state law provided through the various elected county officers or departments of county government such as providing and managing a county road system, elections and financial management just to name a few things. Counties may provide for the establishment of any service or performance of any function that is not expressly prohibited by law. These services and functions include, but are not limited to, things like agricultural extension services; community and rural development services; libraries; park and recreation services; emergency medical services; fire prevention and protection services; solid waste collection and disposal services; public health services; and any other services related to county affairs (ACA 14-14-802).

County government elects nine executive officers and a countywide legislative body called the Quorum Court to provide these various services. The nine elected officials are county judge, sheriff, county clerk, circuit clerk, collector, assessor, treasurer, coroner and surveyor. Some counties combine two of these offices into one, such as county clerk/circuit clerk, sheriff/collector, or treasurer/collector. Also, not all counties elect a surveyor and in the counties that do elect them, this job is usually not a full-time position. The county legislative body is entitled the Quorum Court and is composed of 9-15 members called Justices of the Peace. These justices of the peace are district officers and not county officials because they represent a district within the county.

The chief executive officer for county government in Arkansas is the county judge. As chief executive, the judge authorizes and approves the disbursement of all appropriated county funds, operates the system of county roads, administers ordinances enacted by the quorum court, has custody of county property, accepts grants from federal, state, public and private sources, hires county employees except those persons employed by other elected officials of the county, and presides over the quorum court without a vote, but with the power of veto. (ACA 14-14-1101 - 1102)

All powers not vested in the county judge as the chief executive officer of the county shall continue to be exercised and administered by the county court, over which the county

judge shall preside. The county court, in fact, is the county judge sitting in a judicial role.

The county court of each county has exclusive original jurisdiction in all matters relating to:

1. County Taxes: Including real and personal ad valorem taxes collected by county government. The county court's authority in this area includes jurisdiction over the assessment of property, equalization of assessments on appeal, tax levies, tax collections, and the distribution of tax proceeds.
2. Paupers: The court's jurisdiction includes all county administrative actions affecting the conduct of human services programs serving indigent residents of the county where such services are financed in total or in part by county funds.
3. Jurisdiction in each other case that may be necessary to the internal improvement and local concerns of the respective counties including county financial activities and works of general public utility or advantage designed to promote intercommunication, trade and commerce, transportation of persons and property, or the development of natural resources, which are not otherwise transferred to the county judges to be administered in an executive capacity.
4. The county court shall have all other jurisdiction now vested by law in the county court except with respect to those powers formerly vested in the county court under the provisions of Section 28 of Article 7 of the Constitution which were transferred to the county judge under the provisions of Section 3 of Amendment 55 to the Arkansas Constitution, (and those powers removed by Amendment 67 as they pertain to the apprenticeship of minors. (ACA 14-14-1105)

In addition to the duties of the county court, the county judge is responsible for coordinating the day-to-day inter-governmental relations between the various state and federal agencies operating at the county level. The judge must also apply for all federal and state assistance moneys for which the county is eligible, and appoints the members to all administrative and advisory boards in the county, some of which have to be confirmed by the quorum court.

The county sheriff is the sheriff of the courts, maintains public peace, and has custody of the county jail. As chief enforcement officer of the circuit courts, the sheriff's office, which includes the sheriff and deputies, is charged by constitutional and statutory laws with the execution of summons, enforcement of judgments, orders, injunctions,

garnishments, attachments, and the making of arrests on warrants issued by the courts. The sheriff also opens and attends each term of circuit court, notifies residents selected to jury duty and assists in handling witnesses and prisoners during a given court term.

The sheriff, or a member of that staff, often prepares and assembles evidence of the Prosecuting Attorney's case against defendants charged with both felonies and misdemeanors. The sheriff also transports convicted prisoners and others declared by the court to the various penal and mental institutions of the state.

The sheriff in every county has the custody, rule, and charge of the county jail and all prisoners committed in his county (ACA 12-41-502). The sheriff shall be conservator of the peace in his county (ACA 14-15-501). It shall be the duty of each sheriff to quell and suppress all assaults and batteries, affrays, insurrections, and unlawful assemblies; and he shall apprehend and commit to jail all felons and other offenders (ACA 14-14-1301). The sheriff also works with the various local municipal law enforcement officials or other state and federal officials charged with law enforcement.

The county clerk is the official bookkeeper of county government and serves as the clerk for the county, quorum and probate courts.

As clerk of the county court, the clerk has the duty of keeping a regular account between the treasurer and the county. The clerk charges the treasurer with all moneys received and credits the treasurer with all moneys dispersed. In addition, the clerk keeps an accurate account of all financial transactions within the county and files all documents, vouchers, and other papers pertaining to the settlement of any account to which the county is involved. It is the responsibility of the county clerk to prepare all checks on the treasury for moneys ordered to be paid by the county court and to keep complete and accurate records of all these financial transactions ready for the court's inspection at any time (ACA 16-20-402). [An alternate method of the county treasurer issuing checks, allowed by ACA 14-24-204, is used by many counties.]

The county clerk shall serve, unless otherwise designated by county ordinance, as the secretariat of the quorum court. These duties involve keeping a complete permanent record of the proceedings of the Quorum Court including minutes, ordinances, resolutions and an index to provide easy access to the information (ACA 14-14-902 and 14-14-903).

As clerk to the probate court, the clerk files all instruments making them a matter of record in decedent estate cases, and swears in all witnesses in contested estates. The clerk, also in this capacity, maintains all records relative to adoptions and guardianship cases within the county.

The county clerk, or the clerk's designee, serves as the secretary of the Board of Equalization and records the minutes of their meetings (ACA 26-27-307). Also, if the clerk is the preparer of tax books for the county, the clerk is responsible for extending the taxes in the information provided by the assessor and the Board of Equalization (ACA 26-28-101 through 26-28-108).

The clerk became the official voter registrar with the adoption of Amendment 51 to the Arkansas Constitution in 1966. The clerk maintains an accurate and up-to-date voter registration list within the office and stores the ballot boxes between elections. In addition, the clerk is the custodian of absentee ballots and is responsible for early voting. It is common practice in many counties for the county clerk to assist the county election commission in the overall performance of the election process. With the increasing complexity of elections, however, there is an increasing trend towards the hiring of election coordinators to aid the county election commission and the county clerk in their respective election responsibilities. (ACA 7-5-401 et seq.)

The clerk issues marriage licenses (ACA 9-11-201), and keeps a record of all firms in the county which have incorporated (ACA 4-26-1201). The clerk issues special licenses allowing certain activities (ACA 26-76-102).

The circuit clerk is the clerk of the circuit court and juvenile court and usually acts as the ex-officio recorder of the county.

Unless otherwise provided by law, the county recorder is the circuit clerk of the county. In a county that under law has assigned the duties of the county recorder to the county clerk, all Code references to circuit clerk that concern recording functions shall mean the county clerk.

The administrative duties of the circuit clerk are to maintain a record of all proceedings of the circuit courts and to prepare the dockets for these courts (ACA 16-20-102). The circuit clerk prepares summons, warrants, orders, judgments, and injunctions authorized by the circuit court for delivery by the county sheriff. The circuit clerk also maintains a file of all cases pending in either court, as well as a record of all past court cases and their disposition (ACA 16-20-303 and 16-20-304). In addition, the circuit clerk acts as a secretary to the jury commission by keeping a list of all prospective jurors (ACA 16-32-101 et seq.)

The circuit clerk is also the ex-officio county recorder; and is responsible for recording deeds, mortgages, liens, and surety bonds, and many other orders and instruments which involve property within the county (ACA 14-15-401 et seq.). The circuit clerk maintains a record of many miscellaneous items, and files certain licenses. The circuit clerk also swears in all

notaries public and files regulations of state agencies which license trade or professional workers.

The county collector is the collector of taxes for the county and collects municipal, county, school and improvement district taxes and turns them over to the county treasurer. The collector is responsible for collecting all property taxes from the first day of March to the tenth day of October during the calendar year after they are assessed. By statute, the collector is required to turn over all tax revenue to the treasurer at least once a month (ACA 26-39-201). The County Depository Board may require the collector and other county officials to settle with the county treasurer more frequently than once a month. (ACA 19-8-106). Taxpayers may pay their taxes in installments, with one-fourth of the total being due between February and April, one-fourth being due between April and July, and the remaining one-half between July and October 10 (ACA 26-35-501).

Any real or personal property taxes not paid by the tenth day of October, or falling within one of the exceptions to the requirement that taxes be paid by October 10 of each year (i.e., postmarked prior to October 10 or paid after October 10 if the tenth falls on a weekend or holiday), are considered delinquent and the collector extends a 10% penalty against the taxpayer (ACA 26-36-201). Before December 1st of each year, the collector of taxes shall prepare a list of delinquent personal property taxes and deliver a copy of the list to a legal newspaper in the county. Within seven (7) days thereafter, the newspaper shall publish the list. If there is no newspaper in the county or district, the publication shall be in the nearest newspaper having a general circulation in the county or districts for which the list is being published. (ACA 26-36-203) The collector shall, by the fourth Wednesday of October in each year, file with the clerk of the county court a list of taxes levied on real estate that the collector has been unable to collect.

The duty of the county assessor is to appraise and assess all real property between the first Monday of January and the first of July, and all personal property between the first Monday in January and the thirty-first of May. (ACA 26-26-1408 and 26-26-1101). All property in the state shall be assessed according to its value on the first of January except merchants and manufacturers inventory that is assessed at its average value during the year immediately proceeding the first of January (ACA 26-26-1201).

The assessor must make an abstract of assessment showing the total assessed value of the county. On August 1st, the assessor turns over to the County Equalization Board his/her Real Property Assessment Book and his/her Personal Property Assessment Book. After August 1st, the County Equalization Board and not the assessor, has the legal authority to make value changes in any of the assessment books. (ACA 26-26-1103)

The assessor is required to maintain current appraisal and assessment records by securing necessary filed data and making changes in valuations as they occur in land use and improvements. He/she is also charged with staying abreast of all property transactions within the county and keeping a file on all properties updated throughout the year (ACA 26-26-715).

The county treasurer is the disbursement officer of the county, and is the unofficial or quasi comptroller. A few counties do have a county comptroller. The treasurer is responsible for the custody and disbursement of all county funds and school district funds. The treasurer, therefore, receives county property tax collections, county sales tax collections, county turnback funds, grant funds, fees and fines from other county officials and departments, and revenues from various other sources. The treasurer, after receiving this revenue, distributes the money to the various taxing entities and the other units of the county. The county treasurer signs checks, prepared and signed by the county clerk indicating that the expenditure has been authorized by the county court, to pay employees and creditors of the county. A copy of each check serves as a warrant and is filed in the county financial records. ACA 14-24-204 provides for an alternate method whereby the county treasurer prepares and issues the check.

The treasurer must keep an accurate and detailed account of all receipts and disbursements of the county (ACA 14-15-807). The treasurer is required to make a monthly financial report to the quorum court on the fiscal condition of the county (ACA 14-20-105).

The county treasurer is required to charge a two percent commission on all funds coming to his/her office. There are a few exceptions. No commission is allowed for the handling of borrowed money, proceeds of school bond sales, the teacher's salary fund, money collected from insurance on losses, fire protection premium taxes (Act 833 funds for fire departments) and all non-revenue receipts, which is defined as reimbursement of all or a part of a payment made by a county (ACA 21-6-302, 6-17-908, 6-20-221, and 14-284-403). Also, the county treasurer is allowed a smaller commission, 1/4 of 1%, on funds from school districts that employ their own treasurer (ACA 6-13-701) and 1/8 of 1% on funds from municipal improvement districts (ACA 14-90-913). The commission is not kept by the treasurer but is intended to create a source of revenue accruing to the office from which the salary and operation of the office is paid. Any excess treasurer's commission shall be redistributed to the various entities that were charged on a pro-rata basis (AG Opinion #78-112).

The county coroner is charged with the responsibility of determining the cause of death for those deaths properly the

responsibility of the coroner. Although the duties of the county coroner are, necessarily, intermittent, the office is a full-time position. The coroner is tasked with the investigation of deaths occurring within the county 24 hours a day, 7 days a week and 365 days per year. At any time the coroner is required to investigate deaths. When a death is reported to the coroner, he shall conduct an investigation concerning the circumstances surrounding the death of an individual and gather and review background information, including but not limited to, medical information and any other information which may be helpful in determining the cause and manner of death. (ACA 14-15-301). These duties are mandated to be completed in very short timeframes.

The county surveyor locates boundaries of specific properties at the request of the assessor, and establishes disputed property lines upon request of the county, circuit or chancery court (ACA 14-15-702). The surveyor is also county timber inspector and determines the amount of timber cut, records the log markings, and prosecutes persons who remove timber from state owned lands (ACA 15-32-201).

A constable is a constitutional township official not a county official as some might think. A constable is charged, by law, to conserve the peace in his township (ACA 16-19-301). In order for a constable to have access to information from the Arkansas Crime Information Center and to carry a firearm, the officer must receive required training. Uniform and vehicle requirements are also mandated for constables in the performance of official duties (ACA 14-14-1314).

The legislative body of county government is called the quorum court and is composed of 9, 11, 13 or 15 members depending on the population of the county. The quorum court members are called justices of the peace and are elected for two-year terms from districts within the county. These district officials meet each month, more often if necessary, to conduct county business and review ordinances and resolutions for passage. The county judge is the presiding

officer over the quorum court without a vote, but with the power of veto. This veto can be overridden with a 3/5ths vote of the total membership of the quorum court. (See generally ACA 14-14-801 et seq and 14-14-901 et seq.)

As provided by Amendment No. 55 of the Arkansas Constitution, a county government acting through its quorum court may exercise local legislative authority not expressly prohibited by the Constitution or by law for the affairs of the county (ACA 14-14-801). Some limitations are: The quorum court cannot declare any act a felony (felonies are covered by the State Criminal Code); quorum courts may not participate in the day-to-day administration of county executive branch offices and exercise no authority unrelated to county affairs (ACA 14-14-806).

The quorum court may exercise the following powers, but not limited to: A) the levy of taxes in manner prescribed by law; B) appropriate public funds for the expenses of the county in a manner prescribed by ordinance; C) preserve the peace and order and secure freedom from dangerous or noxious activities; provided, however, that no act may be declared a felony; D) for any public purpose, contract, or join with another county, or with any political subdivision or with the United States; E) create, consolidate, separate, revise, or abandon any elected office or offices except during the term thereof; provided, however, that a majority of those voting on the question at a general election have approved said action; F) fix the number and compensation of deputies and county employees; G) fix the compensation of each county officer with a minimum and maximum to be determined by law; H) fill vacancies in elected county offices; I) provide for any service or performance of any function relating to county affairs; J) to exercise other powers, not inconsistent with law, necessary for effective administration of authorized services and functions (ACA 14-14-801).

## **Chapter Two - DUTIES OF THE OFFICE**

The County Treasurer is an elected official in county government. The Constitution of the State of Arkansas provides for the election of the Treasurer to a two-year term of office with the requirement that he/she be a qualified elector and resident. In the event of a vacancy in office, the Quorum Court fills the vacancy by appointment, the appointee serving until the next general election when a successor is elected. Before beginning his/her duties, the Treasurer must enter into an official bond for the protection of the county. This may be accomplished through the State Fidelity Bond Program, which covers all employees on the payroll, or a Surety Bond purchased for the officer. He/she must also take the constitutional oath of office.

The County Treasurer is entitled to that salary fixed for his/her office by applicable law and Quorum Court appropriation, but he/she cannot keep the various commissions and fees collected in the performance of his duties as the Treasurer, as in that respect, the Treasurer is only an agent or trustee for the County Treasury. (Ark. Const., Amend. 55)

To assist the Treasurer in the performance of his/her duties, the Treasurer may appoint such number of deputies as the Quorum Court may approve. The Treasurer generally supervises the deputies and may discharge them and regulate their employment within the guidelines established by the Quorum Court.

The office of the County Treasurer is to be operated according to the office budget which is established annually by the Quorum Court of the County.

In general, the Treasurer is the disbursement officer of the County, and is the unofficial or quasi-comptroller. The Treasurer is responsible for the custody and disbursement of all county funds and appropriate school district funds.

The Treasurer receives tax collections (property, sales and property tax relief), county turnback funds, federal matching funds, and revenues from various other sources. After receiving this revenue, the Treasurer distributes the money to the various school districts and county accounts. The Treasurer signs checks, prepared and signed by the County Clerk indicating that the expenditure has been authorized by the County Court, to pay employees and creditors of the County. A copy of each check serves as a warrant and is filed in the County financial records.

The Treasurer is charged with keeping an accurate and detailed account of all receipts and disbursements of the County. He/she is required to make a monthly financial report to the Quorum Court on the fiscal condition of the

county. This report is provided upon request to the Prosecuting and Deputy Prosecuting Attorneys.

The records of the County Treasurer's office are the evidence of his/her official acts and, therefore, it is necessary that they be accurately recorded and well maintained.

## DUTIES OF COUNTY TREASURER

**Office of Treasurer** - The several county Treasurers shall keep their offices at their respective county sites. (ACA 14-15-802)

**Appointment of a Deputy** - (a) Appointment of a deputy treasurer shall be:

- (1) In writing;
- (2) Signed by the county treasurer; and
- (3) Recorded in the county recorder's office.

(b) A deputy treasurer shall possess powers as authorized by the county treasurer. (ACA 14-15-804)

**Duty of Treasurer to receipt for and pay moneys** - It shall be the duty of each county treasurer to receive and give receipt for all moneys payable into the county treasury and to pay and disburse the moneys on warrants or checks drawn by order of the county court. It shall be the duty of each county treasurer to refuse payment of any warrant or check that would cause a deficit balance in a "special revenue" account without an appropriated transfer of general funds to cover the deficit. It shall be the duty of each county treasurer to maintain a positive "general fund" balance. The general fund shall include county general and any other ledger account on the treasurer's books accruable to county general. The treasurer shall refuse payment of any warrant or check that would cause a deficit balance of the general fund in aggregate. (ACA 14-15-805)

**Neglect or refusal to pay warrant.** (a) If any county treasurer shall neglect or refuse to pay any warrant or check drawn on him by order of the county court of his county, having cash available in the fund on which the warrant or check is drawn, he shall forfeit and pay to the holder of the warrant four (4) times the amount thereof. (b) The forfeiture may be recovered by a civil action in the name of the party aggrieved against the treasurer and his securities, and the treasurer shall be deemed guilty of a misdemeanor in office and upon conviction shall be removed from office. (ACA 14-15-806)

**County Treasurer's accounts-Accounting of moneys received and disbursed-Abstract of warrants** - He shall keep a true and just account of all moneys received and disbursed, and a regular abstract of all warrants paid by him. (ACA 14-15-807)

**Duplicate receipts for moneys paid-Books kept ready for inspection** - He shall make duplicate receipts in favor of the proper person for all moneys paid into the treasury, and keep the books, papers and money pertaining to his office at all times ready for the inspection of the county court. (ACA 14-15-807)

**Account of receipts and expenditures furnished county court** - He shall at each term of the county court, if required, furnish such court with an account of the receipts and expenditures of the county not before accounted for. (ACA 14-15-807)

**Depository agreements** - (a)(1) After the receipt from the Bank Commissioner of the list of banks or banking institutions and recommended amounts of public funds each may accept, it shall then be the duty of the depository boards to designate the banks or banking institutions in which the funds shall be deposited and to enter into a depository agreement with each designated institution.(2) The boards may at any time enter into depository agreements with any new bank chartered if the bank is certified by the commissioner, upon request therefore, as being eligible as a depository of public funds under the laws of this state. The certificate shall contain the recommended amount of public funds the bank may accept. (3)(A) All county depository agreements shall be entered into using standardized forms provided by the State Board of Finance. (B) The forms shall include language necessary to achieve a perfected security interest in all collateral for deposits. (b) All depository agreements shall continue in full force and effect until the bank or banking institution receives written notice of revocation by the depository board or until there is a change of membership on the depository board. (c)(1) The treasurers or other public officials or other persons having custody of these funds shall deposit them in such designated depositories. (2) The depositing of these funds in the designated depositories shall relieve the public officer or other person and his sureties from any liability for the loss of the funds by reason of the default or insolvency of any depository. (3) County officials are required to make timely investment of public funds in order to earn optimum interest consistent with the "prudent man" rule for investments as defined by Arkansas law. (d)(1) County officials shall require security for the deposit or investment of public funds for amounts not fully insured directly by the United States. (2) All security required under this subsection shall meet the requirements of an eligible security under §§ 19-8-203 and 23-47-203(c). (3) Public officials may require as a condition for placing deposits or keeping funds on deposit such financial data as they need so as to make an informed decision, including, but not limited to, quarterly financial statements, quarterly profit and loss statements, and tangible net worth or capital-to-assets ratios. (ACA 19-8-107)

**Disposition of fees and fines collected** - All fees, fines, penalties, and other moneys collected by any county officer, deputy, or county employee shall be deposited with the County Treasurer on the first day of each month or within five (5) days thereafter, and, unless otherwise provided by law, shall be placed in the county general fund. The County Treasurer shall keep a complete and accurate record of the receipt of such moneys and shall provide a written receipt to the person or office making such deposit. (ACA 21-6-310)

**County administration of justice fund.** - (a) There is hereby created in each county a fund in the office of the county treasurer to be known as the "county administration of justice fund".

(b) The county administration of justice fund shall be used to defray a part of the expenses of the administration of justice in the county. From the fund, the county shall continue to finance the following county agencies and programs which are currently funded, in whole or in part, by filing fees and court costs, at a funding level equal to not less than the greater of the amount which was collected by the county from filing fees and court costs for the agency or program in the calendar year ending December 31, 1994, or the amount appropriated by ordinance enacted prior to December 31, 1994, or on February 13, 1995, or on February 14, 1995, or by resolution dated February 9, 1995, to the agency or program for the calendar year ending December 31, 1995:

(1) The prosecuting attorney fund, including all grant funds awarded and appropriated for the calendar year ending December 31, 1995;

(2) The prosecuting attorney's victim-witness program fund;

(3) The public defender/indigent defense fund and public defender investigator fund, including all grant funds awarded and appropriated for the calendar year ending December 31, 1995;

(4) The county law library fund;

(5) The county jail fund; and

(6) The intoxication detection equipment fund.

(c)(1)(A) The county administration of justice fund of each county may retain an amount equal to the amount which was collected by the county from court costs and filing fees for county administration of justice expense in the calendar year ending December 31, 1994, or the amount appropriated from court costs and filing fees by ordinance enacted prior to December 31, 1994, or on February 13, 1995, or on February 14, 1995, or by resolution dated February 9, 1995, for county administration of justice expense from court costs and filing fees for the calendar year ending December 31, 1995, plus, for calendar years 1995 – 2001, an additional amount based upon the average percentage increase in the Consumer Price Index for All Urban Consumers or its successor, as published by the United States Department of Labor for the two (2) years immediately preceding.

(B)(i) The amount retained during calendar years 2002, 2003, 2004, and 2005 shall be the amount retained during calendar year 2001.

(ii) Except as provided in subdivision (c)(1)(B)(iii) of this section, for calendar years beginning 2006 and each calendar year thereafter, an additional amount shall be added to the amount to be retained based upon the average percentage increase in the Consumer Price Index for All Urban Consumers or its successor, as published by the United States Department of Labor for the two (2) years immediately preceding.

(iii) The provisions of subdivision (c)(1)(B)(ii) of this section shall not be effective if the Chief Fiscal Officer of the State determines that the additional amount retained under subdivision (c)(1)(B)(ii) of this section has exceeded one million dollars (\$1,000,000) in a calendar year, and any additional amount to be retained must be authorized by the General Assembly.

(C) All local ordinances of the counties and cities authorized and adopted under § 24-8-318 shall remain in full force and effect.

(2) For the calendar year beginning January 1, 1998, the base amount to be retained shall be:

(A) Increased by any increase in the Consumer Price Index for All Urban Consumers as provided for in subdivision (c)(1) of this section; and

(B) Decreased by eighty-five percent (85%) of the total dollar amount which was certified by the county as having been collected during calendar year 1994 and for the purpose of funding the office and operation of the public defender and public defender investigator.

(d) Nothing in this section shall prevent the county from funding any additional costs for the administration of justice from these or other county funds.

(e) The county shall remit on or before the fifteenth day of each month all sums received in excess of the amounts necessary to fund the expenses enumerated in subsections (b) and (c) of this section during the previous month from the uniform filing fees provided for in § 21-6-403 and the uniform court costs provided for in § 16-10-305 to the Department of Finance and Administration, Administration of Justice Funds Section, for deposit in the State Administration of Justice Fund. (ACA 16-10-307)

**Monthly treasurer's report.** - The county treasurer shall submit each month to the county quorum court a full report and a detailed statement of the financial condition of the county, showing receipts, disbursements, and balance on hand. (ACA 14-20-105)

**Time warrants and checks to be redeemed** - (a)(1) All warrants and checks issued by any county of this state drawn upon the county treasurer shall be valid and redeemable only for a period of one (1) year from the date of issuance. (a)(2) All warrants and checks issued by a county shall contain on the face of the warrant or check the

following words: "This warrant (check) void after one (1) year from date of issuance." (b)(1) If any county warrant or check is not redeemed or reissued within the time prescribed in subdivision (a)1, there is established a presumption that the payee declined its presentment and it shall be the duty of the county treasurer to cancel the warrant or check and to credit the fund from which the warrant or check is drawn. (2) If any county warrant or check is returned and is not deliverable to the payee, the warrant or check shall be considered unclaimed and shall be submitted as unclaimed property to the Auditor of State in accordance with Title 18, Chapter 28, Subchapter 2. (ACA 14-24-120)

**General Accounting Requirements** - (a)(1) The county treasurer shall receive and receipt for all moneys payable to the county treasury and pay and disburse them on warrants drawn by order of the county court. (2) The treasurer shall keep a true and accurate account of all moneys received and disbursed and a true and accurate record of all warrants paid by him or her. (3) The treasurer shall maintain and issue prenumbered receipts for all moneys paid into the treasury in accordance with § 14-25-108. (b) The treasurer shall establish and maintain the following accounting practices, in relation to the operations of the office: (1) The number and date of checks paying warrants where the county is using a system of paying several warrants presented by the bank shall be identified with the warrants in posting to the treasurer's book or record of accounts; (2) The check number and its date shall be entered on the warrant, and the warrant number and its date shall be entered on the face of the check and on the check stub, as well as the account represented; (3) Postings to the treasurer's book or record of accounts of warrants and checks shall be under the transaction date on the instruments, not the date the items are entered in the books or records of accounts; (4) Banks shall be requested to present all warrants held at the end of the month promptly so that they may be included in the treasurer's book or record of accounts in the month to which they pertain; (5) All funds in the treasurer's book or record of accounts shall be reconciled with the bank monthly. Reconciliations shall be retained and filed with the bank statements; (6) Clear reference shall be made in the treasurer's book or record of accounts as to the origins of all moneys. This may be by notation citing the origin, date, receipt number, and other pertinent information; (7) Transfers shall clearly state the fund to which the moneys are being transferred, and the recipient fund shall state the origin of its receipt; (8) A brief explanation of the computation of the treasurer's commission to provide a clear and permanent record of how the commission was determined shall be maintained; (9) Corrections to the treasurer's book or records of accounts shall be entered at the time of discovery and under the date of the entry into the treasurer's records. A notation shall be made at the

erroneous balance if it is at a previous date, but under no circumstances shall a previous month's balance be changed when it has been brought forward into the succeeding period; (10) Receipts shall be prepared for all moneys received, but shall never be used to effect any other type of accounting transaction. Bank deposits shall be intact, prompt, and identified as to type of receipts; (11) Copies of all receipts shall be retained, including copies of voided receipts; (12) Printers' certificates shall be obtained and kept for each printing order of formally prenumbered receipts; and (13) All balances on the treasurer's book not belonging to the county and awaiting clearance shall be remitted on or before December 31, or promptly thereafter, as of December 31. (ACA 14-25-114)

**Time for payment.** - (a)(1) The county clerk and probate clerk, circuit clerk, constables, county sheriff, county collector, and any other county official in the State of Arkansas are required to pay over to the county treasurer of each county on the first of each month, or within five (5) working days hereafter, all funds in each of their hands belonging to the county or its subdivisions that are by law required to be paid into the county treasury, whether taxes, fines, or any moneys that are collected for any purpose by law and belonging to the county. (2) The county collector shall pay to the Treasurer of State all moneys belonging to the State of Arkansas on the day mentioned in subdivision (a)(1) of this section. (b)(1) This section does not mean that the county collector shall make a distribution of taxes to all funds but that he or she shall settle with the county treasurer in a lump sum, and the county treasurer shall credit it to the county collector's unapportioned account. (2) Upon the issuance of a certificate of the county clerk or other county officer designated pursuant to § 26-28-102(a) that is issued on or before the thirtieth day of each month, the county treasurer shall transfer to the various funds ninety percent (90%) of the advance payments made by the county collector during the collecting period and, upon final settlement, the proper adjustments shall be made with the various accounts, and the balance remaining in the unapportioned account shall be distributed upon order of the county court approving the final settlement of the county collector. (ACA 26-39-201)

This Section does not mean that the Collector shall make a distribution of taxes to all funds, but that he/she shall settle with the County Treasurer in a lump sum and the County Treasurer shall credit the same to the Collector's unapportioned account. Provided, further, that upon a certificate of the County Clerk, which shall be issued on or before the thirtieth (30) day of each month, the County Treasurer will transfer to the various funds ninety per cent (90%) of the advance payments made by the Collector during the collecting period and upon final settlement the proper adjustments will be made with the various accounts and the balance remaining in the unapportioned account

will be distributed upon order of the County Court approving the final settlement of the Collector.

The county also receives reimbursements each month from the Chief Fiscal Officer of the State for the County Property Tax Relief Funds. The Treasurer receives these reimbursements and credits them to the county property tax relief fund. 96% of the funds shall be allocated and distributed to the various taxing entities within the county that levy ad valorem taxes. The allocation shall be based

on a certification from the collector of the amount of the real property tax reduction per taxing entity provided in § 26-26-1118. The 4% retained in the fund is the commission of the county collector as authorized under § 21-6-305(a)(4). This commission shall be transferred to the general fund of the county in December of each year to become a part of the total commission of the county collector. These funds are subject to § 21-6-305(d). (ACA 26-26-310)

## Chapter Three - TIMETABLE

This section was included to assist newly elected County Treasurers by outlining the most pertinent activities of the office and placing them in a calendar format. This allows the treasurer or member of his staff to review the major activities of the office. The various activities are listed in the month in which they should take place and the Arkansas Code Annotated reference is listed for each.

### JANUARY

Constables Quarterly Payment by the first Monday of January.  
ACA 16-96-401

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of each month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

On or before the 10<sup>th</sup> of the month following the end of each calendar quarter, receive severance tax from the State Treasurer and distribute. (ACA 26-58-113). ACA 26-58-124 provides for the division of state severance tax dollars in the following manner: (D) (i) Twenty-five percent (25%) of such amount of the severance taxes and penalties, and costs, except those on timber and timber products, shall be special revenues and shall be allocated to the County Aid Fund.

(ii) On or before the tenth of the month following the end of each calendar quarter, the Treasurer of State shall remit by state warrants to the various county treasurers all funds under subdivision (b)(2)(D)(i) of this section then received by him or her during the quarterly period and transferred to the County Aid Fund in the proportions of the funds as between the respective counties that, as certified by the director to the Treasurer of State, the total severance tax produced from each respective county bears to the total of the taxes produced from all counties.

(iii) Upon receipt of any taxes under this subdivision (b)(2)(D), each county treasurer shall credit fifty percent (50%) of the amount to the county public school

fund and fifty percent (50%) of the amount to the county highway fund for use for the same purposes as other moneys credited to the respective future funds.

Receive "Boating Safety" funds from State Treasurer and credit to the Boating Safety Enforcement Fund of the County Emergency Rescue Fund. (ACA 27-101-111).

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

Receive County Property Tax Relief Funds. (ACA 26-26-310)

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

### FEBRUARY

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

The preparer of the tax book shall compile and deliver to the Assessment Coordinator Department by February 15 the Uniform Property Tax Assessment, Settlement, and Collection Information Report. Failure to do so shall result in loss of "reappraisal funding" to the county. (ACA 26-26-2001 and Assessment Coordination Department Rule 5.03)

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

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### **MARCH**

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

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All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

Distribute quarterly all of the funds derived from fines levied on persons by the Arkansas Game and Fish Commission to the school districts or conservation districts or both within the counties in the manner described by ordinance of the county quorum courts. (ACA 15-41-209)

### **APRIL**

Constables Quarterly Payment by the first Monday of April. ACA 16-96-401

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first day of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court ACA 14-20-105

On or before the 10<sup>th</sup> of the month following the end of each calendar quarter, receive severance tax from the State Treasurer and distribute. (ACA 26-58-113). ACA 26-58-124 provides for the division of state severance tax dollars in the following manner: (D) (i) Twenty-five percent (25%) of such amount of the severance taxes and penalties, and costs, except those on timber and timber products, shall be special revenues and shall be allocated to the County Aid Fund.

(ii) On or before the tenth of the month following the end of each calendar quarter, the Treasurer of State shall remit by state warrants to the various county treasurers all funds under subdivision (b)(2)(D)(i) of this section then received by him or her during the quarterly period and transferred to the County Aid Fund in the proportions of the funds as between the respective counties that, as certified by the director to the Treasurer of State, the total severance tax produced from each respective county bears to the total of the taxes produced from all counties.

(iii) Upon receipt of any taxes under this subdivision (b)(2)(D), each county treasurer shall credit fifty percent (50%) of the amount to the county public school fund and fifty percent (50%) of the amount to the county highway fund for use for the same purposes as other moneys credited to the respective future funds.

Receive "Boating Safety" funds from State Treasurer and credit to the Boating Safety Enforcement Fund or the County Emergency Rescue Fund. (ACA 27-101-111).

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

Receive County Property Tax Relief Funds. (ACA 26-26-310)

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

## **MAY**

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

Receive County Property Tax Relief Funds. (ACA 26-26-310)

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

## **JUNE**

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

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All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove.

Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

Distribute quarterly all of the funds derived from fines levied on persons by the Arkansas Game and Fish Commission to the school districts or conservation districts or both within the counties in the manner described by ordinance of the county quorum courts. (ACA 15-41-209)

## **JULY**

Constables Quarterly Payment by first Monday of July. ACA 16-96-401

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

On or before the 10<sup>th</sup> of the month following the end of each calendar quarter, receive severance tax from the State Treasurer and distribute. (ACA 26-58-113). ACA 26-58-124 provides for the division of state severance tax dollars in the following manner: (D) (i) Twenty-five percent (25%) of such amount of the severance taxes and penalties, and costs, except those on timber and timber products, shall be special revenues and shall be allocated to the County Aid Fund.

(ii) On or before the tenth of the month following the end of each calendar quarter, the Treasurer of State shall remit by state warrants to the various county treasurers all funds under subdivision (b)(2)(D)(i) of this section then received by him or her during the quarterly period and transferred to the County Aid Fund in the proportions of the funds as between the respective counties that, as certified by the director to the Treasurer of State, the total severance tax produced from each respective county bears to the total of the taxes produced from all counties.

(iii) Upon receipt of any taxes under this subdivision (b)(2)(D), each county treasurer shall credit fifty percent (50%) of the amount to the county public school fund and fifty percent (50%) of the amount to the county highway fund for use for the same purposes as other moneys credited to the respective future funds.

Receive "Boating Safety" funds from State Treasurer and credit to the Boating Safety Enforcement Fund or the County Emergency Rescue Fund. (ACA 27-101-111).

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

In July there are three (3) general turnback distributions: (1) regular distribution; (2) a one month advance to help counties meet cash flow needs (The loan is to be repaid in equal installments from general turnback distributions each month during the fiscal year for which the loan was made.); and (3) the Real Estate Transfer Tax Distribution from Administration of Justice. (ACA 26-60-112(2)(B)).

Receive County Property Tax Relief Funds. (ACA 26-26-310)

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

## **AUGUST**

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

Receive highway turnback by electronic transfer from the State Treasurer's County Aid Fund by the tenth day of each month. ACA 27-70-207 (General turnback is electronically transferred at the same time as highway turnback.)

Receive County Property Tax Relief Funds. (ACA 26-26-310)

Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

### **SEPTEMBER**

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

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Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

Distribute quarterly all of the funds derived from fines levied on persons by the Arkansas Game and Fish Commission to the school districts or conservation districts or both within the counties in the manner described by ordinance of the county quorum courts. (ACA 15-41-209)

### **OCTOBER**

Constables Quarterly Payment by the first Monday of October. ACA 16-96-401

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

On or before the 10th of the month following the end of each calendar quarter, receive severance tax from the State Treasurer and distribute. (ACA 26-58-113). ACA 26-58-124 provides for the division of state severance tax dollars in the following manner: (D) (i) Twenty-five percent (25%) of such amount of the severance taxes and penalties, and costs, except those on timber and timber products, shall be special revenues and shall be allocated to the County Aid Fund.

(ii) On or before the tenth of the month following the end of each calendar quarter, the Treasurer of State shall remit by state warrants to the various county treasurers all funds under subdivision (b)(2)(D)(i) of this section then received by him or her during the quarterly period and transferred to the County Aid Fund in the proportions of the funds as between the respective counties that, as certified by the director to the Treasurer of State, the total severance tax produced from each respective county bears to the total of the taxes produced from all counties.

(iii) Upon receipt of any taxes under this subdivision (b)(2)(D), each county treasurer shall credit fifty percent (50%) of the amount to the county public school fund and fifty percent (50%) of the amount to the county highway fund for use for the same purposes as other moneys credited to the respective future funds.

Receive "Boating Safety" funds from State Treasurer and credit to the Boating Safety Enforcement Fund or the County Emergency Rescue Fund. (ACA 27-101-111).

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Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

### **NOVEMBER**

Fees and fines collected to be deposited with the Treasurer on the first day of the month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first day of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

Distribute tax money monthly received from land redemptions, delinquent personal and current tax after receipt of certificate of distribution from County Clerk. (ACA 26-37-109, ACA 26-39-201, ACA 26-39-406).

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### **DECEMBER**

Remit all balances not belonging to the County and awaiting clearance. ACA 14-25-114

Fees and fines collected to be deposited with the Treasurer on the first day of each month and no later than the fifth day of the month. ACA 21-6-310

Receive all money paid to the county treasury on the first of each month or within five working days thereafter. ACA 26-39-201

On or before the 15<sup>th</sup> day of each month, the county treasurer shall remit to the DF&A all court costs and fees required by ACA 16-10-307 et seq.

Monthly financial reports submitted to Quorum Court. ACA 14-20-105

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Receive local sales taxes by electronic transfer from the State Treasurer - usually on the 26<sup>th</sup> to 28<sup>th</sup> of each month.

All funds in the treasurer's book shall be reconciled with the bank monthly. The reconciliation should, preferably, be from the bank statement to the books, since the book balance is what the treasurer is trying to prove. Reconciliations shall be retained and filed with the bank statements. ACA 14-25-114

Distribute quarterly all of the funds derived from fines levied on persons by the Arkansas Game and Fish Commission to the school districts or conservation districts or both within the counties in the manner described by ordinance of the county quorum court. (ACA 15-41-209)

## Chapter Four - RECORD RETENTION SCHEDULE

### **13-4-201. Electronic reproduction of court records.**

Court clerks and any other public officers whose duty it is to make and maintain court records are authorized to use and employ an approved system of photographic recording, photostatic recording, microfilm, microcard, miniature photographic recording, digital compact disc, optical disc, and any other process that accurately reproduces or forms a durable medium for reproducing the original.

**13-4-202. Requirements for format and storage of records.** When equipment necessary for such methods of recording is used to record court records, it shall meet all of the following requirements:

(1) The information retained shall be in a usable and accessible format capable of accurately reproducing the original over the time periods specified in § 13-4-301 et seq.;

(2) Operational procedures shall ensure that the authenticity, confidentiality, accuracy, reliability, and appropriate level of security are provided to safeguard the integrity of the information;

(3) Procedures shall be available for the backup, recovery, and storage of records to protect those records against media destruction or deterioration and information loss; and

(4) A retention conversion-review schedule shall be established to ensure that electronically or optically stored information is reviewed for data conversion or recertification at least one (1) time every five (5) years or more frequently when necessary to prevent the physical loss of data or technological obsolescence of the medium.

### **13-4-204. Destruction of original.**

(a) When any document is recorded by the means prescribed by § 13-4-201, the paper original may be destroyed unless the document is over fifty (50) years old and handwritten or has been determined to be of historical value by the Arkansas History Commission.

(b) If the paper original does not meet these criteria, the electronically stored document shall be considered the "original" document and shall be treated as such when proffered with the recorder's certification.

### **13-4-301. - Retention required – Destruction.**

(a.) All counties of the State of Arkansas shall maintain the records named in this subchapter for the period of time provided for herein, after which time the records may be destroyed, but in no case shall said records be destroyed until at least one (1) year after an audit by the Division of Legislative Audit or any private auditor is completed and approved.

(b) No record of any kind over fifty (50) years old will be destroyed before written notice by the custodian of the records in question has been furnished to the Arkansas History Commission, describing the scope and nature of said records, at least sixty (60) days prior to the destruction of the records.

(c.) Before any record shall be destroyed, the custodian of the record shall document the date and type of document.

(d.) If a record is photographically transferred to other media of a permanent nature, the original documents may be destroyed.

### **13-4-302. Court records.**

All counties of the State of Arkansas shall maintain records for the county courts as follows, if they are currently being maintained:

(1) For circuit court, civil and criminal, domestic relations, juvenile, and probate records:

(A) Permanently maintain:

(i) Complete case files and written exhibits for all courts;

(ii) Case indices for all courts;

(iii) Case dockets for all courts;

(iv) Grand jury reports;

(v) Grand juror lists;

(vi) Petit jury lists in criminal cases;

(vii) Original records, documents, and transcripts relating to the summoning of jurors and jury selection for a petit jury in a criminal case; and

(viii) All probate records required to be maintained under § 28-1-108;

(B) Maintain for ten (10) years, after audit by the Division of Legislative Audit:

(i) Records and reports of costs; and

(ii) Fees assessed and collected; and

(C) Maintain for three (3) years, after audit by the Division of Legislative Audit:

(i) Cancelled checks;

(ii) Bank statements; and

(iii) Petit jury lists in civil cases and original records, documents, and transcripts relating to the summoning of jurors and jury selection for a petit jury in a civil case;

(2) For county court records:

(A) Permanently maintain:

(i) County court record;

(ii) Cemetery permits;

(iii) Statement of receipt and expenditures; and

(iv) County improvement districts; and

(B) Maintain for ten (10) years, after audit by the Division of Legislative Audit:

- (i) County court file;
- (ii) County general claims docket;
- (iii) County road claims docket;
- (iv) Contracts for lease-purchase on rental payments;
- (v) County school board financial reports;
- (vi) Solid waste disposal revenue bonds; and
- (vii) Allocation of state funds for solid waste disposal; and
- (3) For quorum court records:
  - (A) Permanently maintain:
    - (i) Ordinance, appropriation ordinance, and resolution register;
    - (ii) Record of proceedings;
    - (iii) Codification of ordinances;
    - (iv) Register of county advisory and administrative boards;
    - (v) Appointments to subordinate service districts; and
    - (vi) Quorum court minutes; and
  - (B) Maintain for one (1) year the county treasurer's monthly financial report.

**13-4-303. Tax and assessment records.**

All counties of the State of Arkansas shall maintain county tax and assessment records as follows, if they are currently being maintained:

- (1) For tax and assessment records:
  - (A) Permanently maintain:
    - (i) Real estate, personal, and mineral tax book;
    - (ii) Delinquent real estate;
    - (iii) Personal property list;
    - (iv) Lands forfeited to the state, and minerals;
    - (v) Land book of state and federally owned lands;
    - (vi) Clerk's deed of land sold for taxes;
    - (vii) Journal of proceedings of the county equalization board;
    - (viii) Final settlement of tax books; and
    - (ix) Original charge for all taxing units and certification;
  - (B) Maintain for seven (7) years:
    - (i) Real estate and personal assessment record;
    - (ii) Real estate and personal tax receipts recorded in tax books; and
    - (iii) Redemption certificate;
  - (C) Maintain for five (5) years after rollback is complete: Certification of tax adjustment for public utilities and regulated carriers (computation of utility tax);
  - (D) Maintain for three (3) years:
    - (i) Delinquent personal tax settlement;
    - (ii) Land redemption report;
    - (iii) State lands distribution; and
    - (iv) Monthly tax distribution;
  - (E) Maintain for one (1) year, after audit by the Division of Legislative Audit:

- (i) Valuation of real and personal property of utilities; and
- (ii) Real and personal property tax correction forms;
- (2) (A) For county assessor's records, maintain for five (5) years:
  - (i) Real estate appraisal card after reappraisal;
  - (ii) Lists of names of taxpayers furnished to assessor by school boards; and
  - (iii) The personal, commercial, and industrial assessment forms.
- (B) Prior to destruction of these forms, they will be made available to the county collector;
- (3) For county collector's records:
  - (A) Maintain permanently:
    - (i) Certified delinquent real estate list with publication certificate;
    - (ii) Certified delinquent list for real estate forfeited to the Commissioner of State Lands with publication certification;
    - (iii) Personal property tax book;
    - (iv) Certified delinquent personal property list; and
    - (v) Delinquent ad valorem tax lists for oil and gas interests;
  - (B) Maintain for ten (10) years: Tax settlements;
  - (C) Maintain for seven (7) years:
    - (i) Real estate redemption certificates;
    - (ii) Cash receipts and disbursement journal; and
    - (iii) Collector's copy of tax receipts; and
  - (D) Maintain for three (3) years:
    - (i) Daily collection reports; and
    - (ii) Distraint of goods and garnishment to pay delinquent personal taxes.

**13-4-304. Financial records.**

All counties of the State of Arkansas shall maintain financial records for the county as follows, if they are currently being maintained:

- (1) FICA — Social Security and federal income tax records maintained per federal regulations;
- (2) State Income Tax records maintained per state law and regulations;
- (3) Wage garnishments maintained until after a lien is satisfied;
- (4) (A) Maintain for seventy-five (75) years:
  - (i) Payroll records and ledger; and
  - (ii) Retirement records;
- (B) Maintain for ten (10) years:
  - (i) Appropriation journal (record of disbursements); and
  - (ii) Warrant register or check disbursement record;
- (C) Maintain for seven (7) years:
  - (i) County general claims certificate or invoice;
  - (ii) County road claims certificate or invoice; and
  - (iii) County school claims certificate or invoice;
- (D) Maintain for five (5) years:

- (i) Unemployment insurance state contribution;
- and
- (ii) Workers' compensation insurance payment;
- and
- (E) Maintain for three (3) years:
  - (i) Warrants or checks, or both, with documentation;
  - (ii) Bank records for trust, agency, fee, and court accounts (bank statements and cancelled checks); and
  - (iii) Receipt books and disbursement journal;
- (5) For county treasurer's records:
  - (A) Maintain permanently:
    - (i) Treasurer's operating and clearing account ledgers;
    - (ii) Treasurer's trust and agency account ledgers;
    - (iii) Treasurer's city account ledgers;
    - (iv) Treasurer's improvement district account ledgers; and
    - (v) Treasurer's school district account ledgers;
  - (B) Maintain for seven (7) years:
    - (i) Land redemption receipts;
    - (ii) Annual settlement with county court; and
    - (iii) Record of school bond indebtedness and school district bonds – matured; and
  - (C) Maintain for three (3) years:
    - (i) Receipt books;
    - (ii) Bank statements and cancelled checks;
    - (iii) Cancelled warrants;
    - (iv) Treasurer's monthly reconciliation;
    - (v) Treasurer's monthly report to quorum court;
    - (vi) Delinquent land redemption distribution reports;
    - (vii) Delinquent personal distribution reports;
    - (viii) County officials' monthly reports;
    - (ix) Municipal court monthly reports;
    - (x) Treasurer's monthly report to prosecuting attorney;
    - (xi) School district bank statements;
    - (xii) Annual report to county school supervisor;
    - (xiii) Register of school warrants;
    - (xiv) Teachers and school employee contracts; and
    - (xv) Surety bond of school district treasurer and superintendent.

**13-4-305. Recorder's records.**

All counties of the State of Arkansas shall maintain county recorder's records for the county as follows, if they are currently being maintained:

- (1) Maintain permanently:
  - (A) Deeds, mortgages, assignments, and all other conveyance records;
  - (B) Forfeited land records;
  - (C) Timber, mineral, oil and gas deeds and leases;
  - (D) Surveys;
  - (E) Subdivision plats;
  - (F) Lien records;

- (G) Military discharge records; and
- (H) Indices to all records; and
- (2) Maintain for ten (10) years: Notary public bonds and official appointment bonds.

**13-4-306. Voter registration and election records.**

All counties of the State of Arkansas shall maintain county voter registration and election records for the county as follows, if they are currently being maintained:

- (1) Maintain permanently:
  - (A) Voter registration record files;
  - (B) Maps of election precincts from the county election commission;
  - (C) Certificate of election; and
  - (D) Ordinance election results; and
- (2) (A) Maintain for ten (10) years, after cancelled: A person's voter registration record and reason for cancellation of a person's voter registration.
  - (B) Maintain for ten (10) years:
    - (i) Minutes of board of election commission; and
    - (ii) Election file.
  - (C) Maintain for five (5) years:
    - (i) Petition, certificate, and notices for ordinance;
    - (ii) Political practice pledge;
    - (iii) Campaign contribution and expenditure sheets;
    - (iv) Code of ethics statements; and
    - (v) Financial disclosure.
  - (D) Maintain for two (2) years:
    - (i) Acknowledgement notices giving the disposition of a person's voter registration application;
    - (ii) Precinct voter registration lists prepared for each election;
    - (iii) Confirmation notices mailed by a county clerk to confirm a voter's change of residence or name;
    - (iv) Confirmation return cards received in response to a confirmation notice; and
    - (v) Absentee ballot applications and lists, except where litigation follows or federal law governs.

**13-4-307. Marriage records – License and bond records.**

All counties of the State of Arkansas shall maintain county marriage records, licenses, and bonds records for the county as follows, if they are currently being maintained:

- (1) Maintain permanently:
  - (A) Marriage record and index;
  - (B) Clerical licenses and credentials;
  - (C) Medical license for physicians, physical therapists, podiatrists, osteopaths, and chiropractors; and
  - (D) Record of marks and brands;
- (2) Maintain for seven (7) years:
  - (A) Surety bonds for county and township officials (until 1986);
  - (B) County employees blanket bonds;
  - (C) Oaths and bonds of county officials; and
  - (D) Deputies, school supervisors, etc.; and

- (3) Maintain for one (1) year:
  - (A) Notice of intention to wed;
  - (B) Going-out-of-business sale license;
  - (C) Bond for going-out-of-business sale license;
  - (D) Transient merchant license;
  - (E) Transient merchant license bond;
  - (F) Garnishment bonds; and
  - (G) Mercury refiners license.

**13-4-308. Corporation records.**

All counties of the State of Arkansas shall maintain corporation records for the county, if they are currently being maintained, permanently as follows:

- (1) Articles of incorporation;
- (2) Certificate of business under assumed name;
- (3) Articles of amendment;
- (4) Registration of fictitious names of corporation;
- (5) Articles of merger or consolidation;
- (6) Change of registered office or agent;
- (7) Authorized share of stock;
- (8) Cancellation of shares; and
- (9) Certificate of dissolution of corporation.

**28-1-108. Records.**

The following records of the court shall be maintained:

(1) An index in which files pertaining to estates of deceased persons shall be indexed under the name of the decedent, and those pertaining to guardianships under the name of the ward. The file and docket number shall be shown after the name of each file;

(2) A docket in which shall be listed in chronological order under the name of the decedent or ward all documents filed or issued and all orders made pertaining to the estate, including:

(A) The dates thereof;

(B) The names and addresses of fiduciaries and of attorneys for parties in interest when and as known to the clerk;

(C) Reference to the volume and page of any record which shall have been made of the document or order; and

(D) Other data as the court may direct;

(3) A record of wills, properly indexed, in which shall be recorded all wills admitted to probate with the certificate of probate thereof;

(4) Other records as may be required by law or the court.

## Chapter Five - DESCRIPTION OF RECORD FILES-(BOOKS)

This section was included to assist newly elected County Treasurers by describing the commonly kept record files in the office of Treasurer. The following is a description of the records that are kept in some Treasurers' offices around the state. These records are not necessarily required by law to be kept in this format, but are kept in this manner as a practice of good office management.

### RECORDS KEPT BY TREASURER

**SCHOOL DISTRICT TREASURER'S CERTIFICATE** - (ACA 6-13-70I) - The Treasurer maintains a file containing a duly executed certificate of appointment of the School District Treasurer.

**TRANSMITTAL SHEETS WHICH ACCOMPANY CHECKS** - The transmittal sheets which accompany checks received from the banks are kept by account.

**SPECIAL ASSESSMENTS FOR IMPROVEMENT DISTRICTS** - These assessments are collected on certain property in the county which lies within the improvement district. All or part of this money may be committed to a financial institution or to bonded indebtedness for improvements made to the property.

**TIMBER TAX** - (ACA 26-61-110) - The county treasurer shall, on or before the twentieth day following the end of each calendar quarter, transmit to the Arkansas Forestry Commission all taxes collected under the provisions of this chapter during the proceeding calendar quarter.

### ACCOUNTS LEDGER

The Treasurer maintains an accounts ledger that lists every account in the county, city, and school district. The accounts ledger shows all the activity on each account that includes all deposits, expenditures, source of the deposit, source of the expenditure, the date made, and the number of the warrant or check.

### BANK BOOK

The Treasurer maintains a bank book which contains the balances of the county at each bank. The bank book shows all the activity, the deposit and withdrawals associated with each bank. The following information is kept:

- date of transaction
- check number
- source of the deposit or expenditure
- receipt number

- deposits
- checks
- balance

### BOND BOOK

The Treasurer keeps a book that contains information on all long-term debt to which the county or school district is obligated. The type of information contained is as follows:

- type of the bond
- paying agent
- amount of the issue
- interest rate
- purpose of the bond issue
- schedule of payments

### RECEIPT BOOK

The Treasurer is required to receipt all moneys that come into the possession of the county. Receipts are to be pre-numbered and made in duplicate with:

- 1 - copy to the remitter
- 1 - copy to remain in the receipt book

Also the receipt book needs to have a printer's certificate which shows the number of receipts in the book and numerical series of receipts.

### RECONCILIATION FORM

This is a form designed to assist the Treasurer in the monthly reconciliation of accounts. The form lists each account in the accounts ledger and includes the city funds, school district funds, and county funds. It has two columns for each account and they are the Treasurer's balance and overdraft. Also, it lists each bank in the county and has a place for the balance in each one as well as cash on hand account unreconciled and totaled.

### COUNTY GOVERNMENT FINANCE

County government is supported financially from three basic sources: federal government, state government, and local government.

The Federal revenues include payments-in-lieu of taxes on federally owned land in the county, and various federal grant-in-aid programs.

The state revenues include severance taxes, general turnback, road turnback, county property tax relief funds (a sales tax) and various state grant-in-aid programs.

The local revenues include the general property tax millage, road tax millage, fines and costs, fees and commissions. The local option sales tax is also considered a local revenue.

The reliance on these sources of funding has changed significantly over the past decade. For instance, in 1971, 54% of the county revenue was collected at the local level, 43% at the state level, and only 3% at the federal level. The county revenue sources in the early eighties were divided approximately 1/3 from the federal level, 1/3 from the state level and 1/3 from the local level. However, with the demise of federal revenue sharing and the decrease in the percentage of state dollars allocated to local government, the county budget process has taken on a different look today. Local governments now are being forced to look for locally generated sources of revenue.

The local property tax system in this state is based on the assessment of real and personal property one year and the collection of taxes on that assessment the following year. The collection period is from the 3rd Monday in February until October 10th of each year. This 7 month tax collection period causes most taxpayers to wait until the October 10th deadline to pay their taxes.

The current collection system of local property tax was designed to collect revenue in one year (by October 10) to be appropriated and spent in the next year. This is a good system and has worked well for years, but increased costs over the past decade have caused many counties to utilize part of these revenues before the next fiscal year. Once a county starts to appropriate and spend these revenues early, it just compounds the problem and causes a more severe cash flow dilemma the next year.

## **INVESTMENTS**

Counties that, from time to time, have idle funds usually invest them in certificates of deposit (CD's), treasury bills (T-bills), or money market certificates. All of these are insured by the Federal Deposit Insurance Company (FDIC) and are for periods of time such as 30 days, 60 days, 6 months, 1 year or more. Another increasingly popular investment for the county is a Repurchase Agreement. The repurchase agreement, commonly referred to as a repo, is the purchase of an interest in a government security. The County Treasurer along with the County Judge and the County Collector make up the County Depository Board. It is up to this Depository Board to supervise the depositing of all county funds held by the County Treasurer. (ACA 19-8-104 and 19-8-106)

A comprehensive investment program can reap benefits for the county and the school districts in the county. An

essential ingredient in establishing this type of program is the cooperation among school districts and the county and the county's banking community. Also, it is necessary that the county and the school districts only maintain a 30 day supply of operating money on hand. All other money is used to purchase certificates of deposit. The Treasurer is also given the flexibility to invest the money in interest bearing savings accounts spread through all the banks in the county.

The investment program actually has two facets, one keyed to short-term investment of large amounts of money through purchase of certificates of deposit bought from the bank that will pay the highest rate of interest in competitive bidding.

The other facet of the program involves the deposit of "idle" money in investment savings accounts established in all county banks.

County Treasurers are required to make timely investments of public funds in order to earn optimum interest consistent with the "prudent man" rule for investments as defined by Arkansas law. (ACA 19-8-107)

As a general rule of accounting, interest follows principal. However, a few county quorum courts have passed ordinances that override that generally accepted rule and distribute county interest in other fashions. The Division of Legislative Audit recommends that interest follow principal. Specifically, after January 1, 1992, all interest earned on county road fund moneys shall be credited to the county road fund. (ACA 26-79-106)

County Treasurers shall require collateralization for the deposit of public funds for amounts not fully insured directly by the United States. (ACA 19-8-107)

A bank may secure the deposit of public funds by the pledge or escrow of several types of securities, a surety bond, private deposit insurance or an irrevocable letter of credit issued by a Federal Home Loan Bank, subject to the depositor's discretion regarding the suitability of the collateral. (ACA 19-8-108, 19-8-109, 19-8-110, 19-8-203, 23-47-203).

## **WORK PROCESS DESCRIPTIONS**

This section of the manual is designed to assist County Treasurers newly elected and experienced, with daily office operations. The processes enumerated were selected because they comprise the major functions of the County Treasurer's office.

In reading the work processes described on the following pages, it should be remembered that these are only

examples of ways to perform the functions and not the only way to perform them.

### **Processing Warrants "Batch-Redeem System"**

STEP 1) Receive the warrants daily, twice a day, or every two days from the various banks in the county. A statement will usually accompany these warrants and indicate the total amount of withdrawals. These totals should be double checked for accuracy.

STEP 2) The next step is to sort out the warrants by the type of account it is issued against.

STEP 3) Then a check is issued to the various banks for the total amount of the warrants drawn on that bank.

STEP 4) The warrants are then stamped paid with the date and the Treasurer's name. Next the name of the bank and the check number are stamped on each warrant. This makes it easier to locate a mistake or resolve an out of balance problem when one arises.

STEP 5) The warrants are then posted to the accounts ledger. This posting includes the warrant number, date paid, to whom it was issued, the amount of the warrant, and check number paying the same.

STEP 6) The warrants are then filed by account name to allow the Treasurer to easily reconcile the accounts monthly.

STEP 7) Then the checks are posted in the bank book. The posting includes the date, check number, amount of the check, bank name, and the balance.

#### **NOTE:**

**A county may change or modify the above described warrant system to better comply with current business and banking practices. (ACA 14-24-201 through 14-24-206).**

### **Monthly Account Reconciliation**

STEP 1) Total the warrants for the month and total accounts ledger for the month.

STEP 2) Take last month's balance from the bank book and add what was received (deposits) for the current month and subtract all the disbursements for the month. This should give you the balance for the current month.

STEP 3) Record the balances from the account book onto the reconciliation form and total all accounts on the reconciliation form.

STEP 4) Add the bank book for the month and reconcile the bank statements to make certain that the bank statements balance with the bank book.

STEP 5) List the outstanding checks which have been written, but do not show up in the bank statement. It is also recommended that this list of outstanding checks be kept for the Legislative Audit Division.

This monthly reconciliation is set up to reconcile two things:

- 1) Reconcile the bank statements to the Bank Book.
- 2) Reconcile the accounts ledger to the bank balance.

### **Receiving Various Fines, Fees, and Costs from Sheriff's Office**

STEP 1) Sheriff's office sends check to the Treasurer for the amount of fines, fees, or costs collected. Notation is made on the check what fines, fees, or costs, under which the money was collected.

STEP 2) Treasurer writes a receipt to the Sheriff's office for the amount of the check received and deposits the money in the Sheriff's account or other special accounts.

STEP 3) The Treasurer at the end of the month transfers the balance in the Sheriff's account into County General.

STEP 4) The Treasurer takes a 2% commission on amount of money receipts to Sheriff's office, except "non-revenue" receipts.

STEP 5) The Treasurer transfers the 2% commission to the Treasurer's Fund Account.

### **Deposit Procedure**

STEP 1) Treasurer makes out the deposit slip and lists on it:  
- the receipt number in numerical order  
- who receipted to  
- amount of receipt  
- note amount of any cash that is deposited

STEP 2) Treasurer should write the name of the bank deposited in on various receipts to aid in rectifying a mistake if one is made.

### **Game and Fish Report**

STEP 1) Game Warden(s) and/or Court Clerks periodically brings fines to the Treasurer.

STEP 2) The Treasurer receipts the amount received to the Game Warden and/ or Court Clerks sends a duplicate copy to the Arkansas Game and Fish Commission. The Treasurer posts the receipted amount to the Arkansas Game & Fish Commission account and a 2% commission which is posted to the Treasurers Commission Account.

STEP 3) At the end of each four months, in April, August, and December, the Treasurer completes a form supplied by the Arkansas Game and Fish Commission and remits the money collected to the Arkansas Game & Fish Commission. (ACA 15-41-209).

### **Monthly Quorum Court Report**

STEP 1) Take the previous months end-of-month balance from the account ledger.

STEP 2) Record all accounts ledger transactions including all amounts received and disbursements made for each account.

STEP 3) Compute current month balances for each account having recorded previous months balances and all transaction activity.

STEP 4) Compute year-to-date balances including receipts and expenditures by account.

STEP 5) Provide quorum court with recap of revenues by classification for all operating accounts showing current month, year-to-date actual, year-to-date projection and total year projection for each source of revenue.

STEP 6) Attach a certified and notarized letter stating that the attached report is true and correct to the best of your knowledge.

### **Monthly Tax Settlement**

STEP 1) Collector provides Treasurer with the total amount of current taxes collected for the month.

STEP 2) Treasurer posts total amount collected for the month into the Collector's unapportioned account.

STEP 3) County Clerk computes the amount of taxes that go into each account and provides that information to the Treasurer. Also, a 10% reserve fund is established for each month and that money stays in the collectors unapportioned account.

STEP 4) Treasurer then transfers money to various accounts based on the County Clerk's computations and posts information in the accounts ledger.

STEP 5) Treasurer remits to the various cities in the county and to each school district with a district treasurer, their amount of tax for the month.

### **Final Tax Settlement**

STEP 1) The county clerk computes the final tax settlement of the county collector using the 10% reserve in the collector's unapportioned account held by the county treasurer. The clerk sets forth the amount due to or from the various taxing entities. The final tax settlement is filed with the county court (Judge) on or before the fourth Monday of December each year.

STEP 2) The county court (Judge) approves, rejects or restates the final tax settlement on or before December 31 of each year.

STEP 3) The treasurer then transfers money to various accounts based on the computations in the final settlement and posts information in the accounts ledger. The account is zeroed out each year and all of the money is transferred to other accounts.

STEP 4) Treasurer remits to the various cities in the county, to each school district treasurer, to each improvement district and to any other entity for which the county acts solely as a collecting agent, their amount of the tax.

### **Delinquent Personal Tax Settlement**

STEP 1) Collector provides Treasurer with the total amount of delinquent personal taxes collected for the month.

STEP 2) Treasurer posts total amount collected for the month into the Delinquent Personal Account.

STEP 3) County Clerk computes the amount of taxes that go into each account and provides that information to the Treasurer. Also, no 10% reserve fund is established.

STEP 4) Treasurer then transfers money to various accounts based on the County Clerk's computations and posts information in the account ledger.

STEP 5) Treasurer remits to the various cities in the county and to each school district with a district treasurer, their amount of tax for the month.

### **Delinquent Real Estate**

Transfer of tax delinquent lands.

ACA 26-37-101 provides: (a) (1) All lands upon which the taxes have not been paid for one (1) year following the date

the taxes were due, October 10, shall be forfeited to the State of Arkansas and transmitted by certification to the Commissioner of State Lands for collection or sale. (2) No tax-delinquent lands shall be sold at the county level.

(b) The county collector shall hold all tax-delinquent lands in the county for one (1) year after the date of delinquency, and, if the lands are not redeemed by the certification date, which shall be no later than July 1 of the following year, the collector shall transmit it to the state by certification, after notice as provided in this chapter, indicating all taxes, penalties, interest, and costs due and the name and last known address of the owner of record of the tax-delinquent lands.

(c) Upon receipt of the certification, title to the tax delinquent lands shall vest in the State of Arkansas in care of the Commissioner of State Lands.

### **Distribution of funds.**

ACA 26-37-205 provides (a) All moneys collected by the Commissioner of State Lands from the sale or redemption of tax delinquent lands shall be distributed as follows: (1)(A) First, to the Commissioner of State Lands, the penalties, the collection fees, the sale costs, and the other costs as prescribed by law. (B) The sale costs shall include, but not be limited to, fees for title work; (2) Second, to each county an amount equal to the taxes due plus interest and costs to the county as certified by the county collector, which amount shall be held in an escrow fund administered by and remitted to the counties within one (1) calendar year of their receipt by the Commissioner of State Lands; (3)(A) Third, to each county an amount equal to the delinquent personal property taxes, plus penalty, of the owner or owners of the delinquent land as certified by the county collector, which amount shall be held in an escrow fund administered by and remitted to the counties after one (1) calendar year of their receipt by the Commissioner of State Lands. (B) The Commissioner of State Lands shall review the information provided by the county collector and any other interested party to ascertain: (i) Whether the personal property tax and penalty qualifies to be withheld from the delinquent land sale proceeds; and (ii) The amount of personal property tax and penalty that qualifies under this subdivision (a)(3) to be withheld. (C) If the Commissioner of State Lands is required to make a refund of the personal property taxes withheld under subdivision (a)(3)(A) of this section to a purchaser of delinquent lands for any reason, the amount of the refund shall be recovered by the Commissioner of State Lands from the county or counties that originally received the proceeds under this subdivision (a)(3) of this section of the delinquent land sale. (D) The Commissioner of State Lands shall promulgate rules and forms needed to administer this subdivision (a)(3). (E) This section does not require the Commissioner of State Lands to search county records to determine whether an owner of tax delinquent land owes

delinquent personal property taxes. (F) This section does not grant a county a right to a lien against real property for the payment of delinquent personal property tax; and (4) Fourth, to be placed in another escrow fund administered by the Commissioner of State Lands, the remainder, if any. (b) If no actions are brought within the time limits prescribed under this subchapter, the remaining funds, if any, shall be distributed by the Commissioner of State Lands as follows: (1) Ten percent (10%) of the remaining funds up to a maximum amount of five hundred dollars (\$500) shall be paid to the Commissioner of State Lands for the administration of the distribution of the funds; (2)(A) After payment is made to the Commissioner of State Lands pursuant to subdivision (b)(1) of this section, the amount left in the remaining funds shall be paid to the former owners of the tax delinquent land. (B)(i) "Former owner" means a person, partnership, corporation, or other legal entity capable of owning real property in the State of Arkansas and that holds record title to the real property on the date of sale by the Commissioner of State Lands. (ii) "Former owner" does not include heirs or relations beyond the first degree of consanguinity. (C)(i) A former owner must file an application with the Commissioner of State Lands requesting the release of the funds. (ii) The application shall be provided by the Commissioner of State Lands and shall require proof of ownership of the tax delinquent land as well as proof of authority to act on behalf of the owner. (iii) The application may require other information the Commissioner of State Lands deems necessary before the release of the funds. (D)(i) The former owner shall release and relinquish all rights, title, and interests in and to the tax delinquent land. (ii) The Commissioner of State Lands shall provide a release deed to the former owner to execute. (E) In the event of any dispute, claim, or multiple claims of ownership or controversy regarding the release of the funds, the Commissioner of State Lands may require the party or parties to provide a court order to resolve the issues and to establish the party or parties entitled to the remaining funds. (F) An agreement by a former owner, the primary purpose of which is to locate, deliver, recover, or assist in the recovery of remaining funds, is enforceable only if the agreement: (i) Is in writing; (ii) Clearly sets forth the nature of the property and the services to be rendered; (iii) Provides a fee of not more than ten percent (10%) of the recovery; (iv) Is signed by the former owner; and (v) States the value of the remaining funds before and after the fee or other compensation has been deducted. (G)(i) An agreement covered by subdivision (b)(2)(F) of this section that provides for compensation that is unconscionable is unenforceable except by the former owner. (ii) A former owner who has agreed to pay compensation that is unconscionable may maintain an action to reduce the compensation to a conscionable amount. (iii) The court may award reasonable attorney's fees to a former owner that prevails in the action. (H) Subdivision (b)(2)(G) of this section does not preclude a former owner from asserting

that an agreement covered by subdivision (b)(2)(F) of this section is invalid on grounds other than unconscionable compensation. (I)(i) The Commissioner of State Lands shall make all funds payable to the former owner. (ii) No funds shall be made payable to any other person or entity other than the former owner without a court order directing the payment to the other person or entity. (iii) No interest shall be paid to the former owner on the funds. (J)(i) Anyone filing a claim or assisting with the filing of a claim that results in the erroneous payment of a claim is responsible for the repayment of all funds paid. (ii) Any claim filed fraudulently is punishable as a Class D felony; and (3)(A) Any funds placed in escrow prior to July 1, 2005, shall be held in escrow for five (5) years and at the end of the five-year period, if the funds have not been distributed, the escrow funds shall escheat to the county in which the property is located. (B) Any funds placed in escrow on and after July 1, 2005, shall be held for three (3) years, and at the end of the three-year period, if the funds have not been distributed, the escrow funds shall escheat to the county in which the property is located. (c) All funds distributed to each county by the Commissioner of State Lands from the redemption or sale of tax-delinquent lands, including any interest and costs, are to be distributed to the applicable taxing units where the delinquent land is located within the county in the manner and proportion that the taxes would have been distributed if they had been collected in the year due. (d) All funds received by a county from the redemption of tax-delinquent land at the county level, including any penalty, interest, and costs, are to be distributed to the applicable taxing units where the delinquent land is located within the county in the manner and proportion that the taxes would have been distributed if they had been collected in the year due. (e) This section shall be severable, and if any phrase, clause, sentence, or provision of this section is declared to be contrary to the laws of this state, the validity of the remainder of this section shall not be affected.

### **Redemption of lands not transferred**

ACA 26-37-109 provides: (a)(1) The county collectors of the various counties of the State of Arkansas are authorized to charge a fee of two dollars and fifty cents

(\$2.50) for the issuance of each certificate of land redemption for each parcel of tax delinquent land redeemed in their office. (2) This fee shall be deposited in the County General Fund.

(b) Each county quorum court may authorize the county collector or the county treasurer to accept payment for the redemption of tax-delinquent land which has not been transferred to the Commissioner of State Lands.

(c) The county collector shall pay over to the county treasurer on the first of each month or within five (5) days thereafter all amounts collected under this section. However, upon a certificate of distribution of the amounts collected under this section being prepared by the county clerk or collector, which certificate shall be issued on or before the thirtieth day of each month, the county treasurer will transfer to the various funds the amount due each fund, such as the county, school, or municipality fund, from the amounts collected under this section.

### **Financial Management System**

This system was mandated by Act 122 of 1981, codified at ACA 14-21-101 et seq, and will be a very important part of the work of the County Treasurer. The Financial Management System was developed by the Legislative Audit Staff and was implemented by the various counties in the state January 1, 1983.

The Division of Legislative Audit has published a booklet entitled County Financial Management System Manual. The Association of Arkansas Counties recommends that each Treasurer obtain a copy of this manual. A copy can be obtained from

Division of Legislative Audit  
172 State Capitol  
Little Rock, AR 72201-1099  
Telephone: 683-8600

This manual is also available for download at [www.legaudit.state.ar.us](http://www.legaudit.state.ar.us) under the "Publications & Guides" link.

## **Chapter Six - TREASURERS' COMMISSIONS AND FEES**

### **ACA 21-6-302 County treasurers.**

(a) Unless otherwise provided by §§ 6-13-701, 6-17-908, 6-20-221, 14-90-913, 14-284-403, and 21-6-104, the county treasurers shall be required to collect, as a treasurer's commission, two percent (2%) on all funds coming into their hands as treasurers and to be paid out of the respective funds.

(b) All commissions collected under this section shall be paid into the county treasury to the credit of the county treasurer's commission fund.

(c) All moneys collected by the treasurer as commissions shall be used by the treasurer to offset administrative costs.

(d)(1) The treasurer may set aside up to ten percent (10%) of the gross commissions collected annually to be credited to the county treasurer's automation fund to be used:

(A) To operate the office of the county treasurer;

(B) For administrative costs; and

(C) To purchase, maintain, and operate an automated accounting and record-keeping system.

(2) The acquisition and update of software for the automated accounting and record-keeping system shall be permitted uses of these funds.

(3) Moneys deposited in this fund may accumulate and shall be appropriated and expended for the uses designated in this section by the quorum court at the direction of the treasurer.

(e)(1) The treasurer shall receive no commission for the handling of revolving loan, equalizing, and vocational education funds, proceeds of school bond sales, money collected from insurance on losses, and all nonrevenue receipts.

(2) As used in this subsection, "nonrevenue receipts" means reimbursement of all or a part of a payment made by the county.

(f) In the case of funds of a school district composed of area in two (2) or more counties, only the county treasurer of the county in which the district is administered shall be allowed a commission on such funds.

### **ACA 6-20-221 County treasurer's commission on school funds - Exceptions.**

(a) Unless otherwise provided by law, the county treasurer shall be allowed a commission of two percent (2%) on all school funds paid into his hands, except on borrowed money, or the proceeds of the sale of bonds and all other funds on which the law shall not allow commission. In the case of a school district which is comprised of area in two (2) or more counties, only the county treasurer of the county in which the school district is administered shall be allowed

a commission on the funds of the school district unless the school district has a district treasurer, in which case the treasurer of the county collecting the school district funds shall be allowed a commission on the funds of that school district.

(b) The county school funds shall pay such proportional part of the salaries and expenses of the county treasurer's office as the total county treasurer's commissions on all funds.

### **ACA 6-13-701 Compensation of treasurer - School districts which employ their own school district treasurer.**

The county treasurer shall receive as commission for handling the funds of such districts only one-fourth (1/4) of one per-cent of all funds passing through his hands on which county treasurers are authorized by law to charge commissions.

### **ACA 21-6-104 Determination of fee where no fixed fee.**

In cases where the county treasurer is required to perform duties for which no fees are allowed by law, he shall receive pay as allowed for similar services.

### **ACA 21-6-103 Illegal fees - Penalty.**

If any officer shall charge, demand, or receive any more or greater fees for his or her services than are allowed by law, or shall demand, charge, or receive any such fees without having performed the services for which the fees are charged, the officer for every offense shall forfeit to the injured party, or the party against whom the fees may be charged, the amount of fees illegally charged, and five dollars (\$5.00) for each item illegally demanded, charged, or received, with cost, and shall also be subject to an indictment for extortion.

### **ACA 14-90-913 Clerk's fees for extension of annual installments on municipal improvement districts - Fees of collector and treasurer.**

For services in disbursing the moneys, the district shall pay the County Treasurer one-eighth (1/8) of one percent of the amount received by him from the Collector, which he may withhold.

### **ACA 6-17-908 Commission for handling teacher's salary fund prohibited.**

No officer, agent, or other person shall charge or collect any commission for handling any part of the teacher's salary fund.

## GLOSSARY OF TERMS

These definitions are everyday terms that are used in the operation of the Treasurer's office. These terms are defined and referenced to the various statutes that describe them.

**BOND (of Indebtedness)** - a certificate or evidence of a debt. Currently, the only type of long-term indebtedness available to a county.

**BOND (fidelity)** - Surety coverage on all officers and employees who receipt for cash funds or disburse public funds of a county by virtue of their office or employment. (ACA 14-14-1201) Fidelity Bond Program (21-2-701 et. seq.)

**BONDS OF THE UNITED STATES** - Direct obligations of the United States of America; The obligation, principle and interest on which are fully guaranteed by the United States of America.

**CANCELED WARRANT** - A warrant which has been voided, all warrants which have not been redeemed one year after date of issuance will be canceled.

**COUNTY COURT** - Has exclusive original jurisdiction in all matters relating to county taxes, ferries, paupers, vagrants, the apprenticeship of minors, the disbursement of money for county purposes, and in every other case that may be necessary to the internal improvement and local concerns of the respective counties. The County Judge is the Judge of the County Court. (Article 7, Section 28 of the Constitution of Arkansas)

**COUNTY DEPOSITORY BOARD** - Composed of County Judge, Treasurer, and Collector (or the Sheriff when acting as ex-officio Tax Collector) with the duties of designating depositories and supervising the depositing of all county funds, and all other public funds held by the County Treasurer (except funds of a school district) and designating depositories and supervising the depositing of funds collected and held by the County Collector. (ACA 19-8-104 and 19-8-106)

**NEGOTIABLE ORDERS OF WITHDRAWALS (NOW) ACCOUNTS** - The depository Institutions Deregulation and Monetary Control Act of 1980 P.L. 96-221 authorizes depository institutions (except credit unions) to permit the owner of a deposit or account on which interest or dividends are paid to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties. According to the guidelines published by the Federal Reserve Bank of St. Louis, independent school

districts and local governments are eligible for these accounts.

**NON-REVENUE RECEIPTS** - Reimbursement of all or a part of a payment made by the county. (ACA 21-6-302)

**PUBLIC FUNDS** - Any and all funds that may come into the hands of all treasurers, collectors, commissioners, sheriffs, and clerks by reason of their official capacity. (ACA 19-8-101 et. seq.)

**REDEEMED WARRANT** - A warrant that has been converted into cash.

**"UNIT TAX LEDGER SYSTEM" described** - The so-called "Unit Tax Ledger System" shall be a system of tax accounting that covers the following prerequisites, to-wit: (a) A ledger account for each unit of real property in the county reflecting a complete tax record for a ten-year period, beginning with the year such system is installed; (b) Said ledger accounts shall be housed in a steel locker that shall be closed and securely locked at the end of each day's business; (c) Said ledger account shall have sufficient space to enable the name of the record owner at the time of the installation of such system to be shown, and ten (10) lines for the names of subsequent owners, a correct legal description of the unit of property assessed, the year for which the tax is charged, the assessed valuation for State and County purposes, the tax charged and the total thereof, the assessed benefits against the property in special improvement districts, a symbol referring to designated improvement districts, in which the property is located, the date of payment of all taxes, the number of the receipt to be issued, and two-year delinquent tax record; (d) Said system shall also provide an index which will enable an operator, the tax collector, clerk or assessor, or any other individual, to instantly refer to any unit of property by legal description or by the name of the record owner; (e) The tax statement, installment receipt, total receipts, office copy of tax receipts, posting of tax ledgers, including the valuation and the tax charged, and the proof of work shall all be done by an accounting machine at one time which shall enable the operator to mail a complete tax statement to the taxpayer, and file a duplicate copy thereof alphabetically in a steel locker for safe-keeping; (f) Collection statements shall be posted from office copies compiled from the Unit Tax Ledger accounts; and (g) Upon installation of such a system, a predetermined total of all valuation of the property in the county as assessed by the assessor for taxation and exemption shall be ascertained and constantly maintained through control accounts for each fund, and the purpose for which each tax has been levied shall be charged. (ACA 26-28-202)

**WARRANT** - Authorized payment out of any money in the treasury in the following form: "No. \_\_\_\_\_ Treasurer of the County of \_\_\_\_\_ pay to \_\_\_\_\_, or order \_\_\_\_\_ dollars, out of any money in the treasury appropriated for county expenditures, (or express the particular fund out of which the warrant is to be paid).

Given at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\$ \_\_\_\_\_

A.B., Clerk"

## CUSTODIAL SERVICES AGREEMENT

This CUSTODIAL SERVICES AGREEMENT ("**Agreement**") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ ("**Depositor**"), with its principal office at \_\_\_\_\_ and \_\_\_\_\_ ("**Institution**"), with its principal office at \_\_\_\_\_ and \_\_\_\_\_ ("**Custodian**"), with its principal office at \_\_\_\_\_

### WITNESSETH

**WHEREAS**, the **Depositor** has agreed to deposit funds with the **Institution** pursuant to the terms and provisions of that certain Security Agreement for Funds Held in Deposit ("**Security Agreement**") by and between the **Depositor** and the **Institution** dated as of \_\_\_\_\_; and

**WHEREAS**, pursuant to the terms and provisions of the **Security Agreement**, the **Institution** has agreed to assign, transfer, pledge and convey to the **Depositor** a perfected security interest in certain eligible securities owned by the **Institution** (the "**Collateral**"); and

**WHEREAS**, in order to perfect the **Depositor's** security interest in the **Collateral**, the **Custodian**, as agent for the **Depositor**, will accept from the **Institution**, take possession of and hold such **Collateral** solely for the benefit of the **Depositor**.

**NOW, THEREFORE**, in consideration of the mutual covenants and premises herein contained, the parties do hereby agree as follows:

1. The **Custodian** hereby accepts employment as the **Depositor's** custodian and depository pursuant to the terms of this **Agreement**.

2. The **Custodian** shall accept and retain as **Custodian** solely for the benefit of the **Depositor** all securities tendered by the **Institution** as **Collateral** for its obligations under the **Security Agreement**. For the purposes of this **Agreement**, the term "securities" shall have the same meaning as set forth in the **Security Agreement**. Upon receipt of **Collateral** from the **Institution** for the benefit of the **Depositor**, the **Custodian** shall (i) immediately notify the **Depositor**, by telephone or otherwise, of the **Collateral** pledged, (ii) issue a written receipt to the **Institution** evidencing **Custodian's** receipt of the **Collateral**, and (iii) within three business days issue and provide delivery to **Depositor** written confirmation evidencing **Institution** has pledged and **Custodian** has received **Collateral**.

3. The **Custodian** shall identify on its books and records as being pledged to the **Depositor** specific securities or a quantity of specific securities received by it for, or for the account of, the **Depositor**. The **Custodian** shall have no power or authority to transfer, assign, hypothecate, pledge or otherwise dispose of any such securities, except pursuant to instructions from the **Depositor** and pursuant to the terms of this **Agreement**.

4. If at any time the ratio of the market value of the **Collateral** to the amount of funds on deposit is less than the Maintenance Percentage, then the **Institution** shall assign, pledge and convey a security interest and transfer to the **Depositor** securities of the type eligible to be pledged pursuant to Arkansas Code Annotated §19-8-203 and §23-47-203(c), as amended, and in such amount so that the ratio of the market value of such pledged securities to the amount of funds on deposit shall be at least equal to the Maintenance Percentage. Failure by **Institution** to provide securities of the type eligible to be pledged pursuant to Arkansas Code Annotated §19-8-203 and §23-47-203(c), as amended, in such amount so that the ratio of the market value of such pledged securities to the amount of funds on deposit is at least equal to the Maintenance Percentage, shall at the discretion of the Treasurer of State make all funds of the **Depositor** held by the **Institution** subject to immediate withdrawal without penalty and with interest being due and payable to the date of withdrawal.

5. The **Custodian** shall, on the first business day following receipt by the **Custodian** of prior written notice, allow the **Institution** to withdraw any of the securities constituting the **Collateral**, if the **Institution** shall simultaneously deliver to the **Custodian** as additional **Collateral** securities of the same type and having at least the same market value as the securities withdrawn.

6. The **Custodian** is hereby authorized and directed to promptly distribute to the **Institution** any cash received by the **Custodian** as payment of accrued interest on any of the securities constituting the **Collateral**.

7. Except as specifically provided in the foregoing paragraphs 5 and 6, the **Custodian** will not release or transfer to the **Institution** any securities constituting the **Collateral** without prior written instructions from the **Depositor**, except that the **Custodian** may elect to release or transfer to the **Institution** securities constituting the **Collateral** upon receipt of verbal instructions from the **Depositor**, if (i) the verbal instructions are electronically recorded and the **Custodian** has obtained independent and separate confirmation of the verbal instructions from an authorized officer of the **Depositor**, (ii) the **Custodian** provides immediate written confirmation of the verbal instructions to the **Depositor** and (iii) the **Depositor** provides immediate written confirmation of the verbal instructions to the **Custodian**. The **Depositor** and the **Custodian** agree that in the case of any conflict between written and verbal instructions, the written instructions will be binding.

8. The **Custodian** agrees to provide to the **Depositor** a monthly statement of holdings reflecting the securities pledged by the **Institution**. In addition, the **Institution** agrees to provide to the **Custodian** current market price valuations of the securities constituting the **Collateral**, as may be required or requested by the **Depositor**.

9. In the absence of bad faith on the part of the **Custodian**, the **Custodian** shall be permitted to rely upon the authenticity of, and the truth of the statements and the accuracy of the opinions expressed in, and will be protected in acting upon, any document believed by the **Custodian** to be genuine and to have been signed, affixed or presented by the proper party or parties. The **Custodian** shall not be liable with respect to any action taken or omitted to be taken by it in accordance with any instruction or request of the **Depositor**. In addition, the **Custodian** shall not be liable for any error of judgment made in good faith by an officer of this **Custodian**, unless it shall be proved that the **Custodian** was grossly negligent in ascertaining the pertinent facts. In the event the **Custodian** receives substantially contemporaneously contrary written instructions from the **Depositor** and the **Institution**, then the **Custodian** may, at its election and without liability to either the **Depositor** or the **Institution**, interplead the securities constituting the **Collateral** in a court of competent jurisdiction, and the **Depositor's** and the **Institution's** sole recourse shall be against each other and the securities constituting the **Collateral** so interpled.

10. This **Agreement** may be amended at any time by written agreement between the **Depositor** and the **Custodian**, with prior written notice to the **Institution**.

11. This **Agreement** shall be subject to and construed in accordance with the laws of the State of Arkansas.

12. This **Agreement** may be simultaneously executed in two or more counterparts, each of which shall be deemed to be an original.

13. Notices and other writings shall be delivered or mailed postage prepaid to the parties at the addresses set forth on the signature page hereof.

**IN WITNESS WHEREOF**, the parties hereto, each acting through its respective duly authorized representative, have caused this **Agreement** to be signed in their name and delivered as of the date first above written.

**DEPOSITOR:**

\_\_\_\_\_

Address for Notices:

By: \_\_\_\_\_

Title: \_\_\_\_\_

**INSTITUTION:**

\_\_\_\_\_

Address for Notices:

By: \_\_\_\_\_

Title: \_\_\_\_\_

## SECURITY AGREEMENT FOR PUBLIC FUNDS HELD IN DEPOSIT

This Agreement entered into as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ ("Depositor"), and \_\_\_\_\_ ("Institution").

### WITNESSETH:

**WHEREAS**, the **Depositor** is the duly elected \_\_\_\_\_, and

**WHEREAS**, pursuant to *Arkansas Code Annotated §19-8-101*, the **Institution** has been designated as a depository of public funds; and

**WHEREAS**, the **Institution** has agreed to secure the funds of the **Depositor** so deposited with it by conveying to the **Depositor** a security interest in eligible securities owned by the **Institution**, as allowed by *12 U.S.C. §90* and as provided in *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended;

**NOW, THEREFORE**, in consideration of the **Depositor** depositing certain of its funds with the **Institution**, and for other good and valuable consideration, it is agreed between the **Depositor** and the **Institution** as follows:

1. For the purpose of securing the funds deposited by the **Depositor** with the **Institution**, the **Institution** hereby agrees to assign, transfer, pledge and convey to the **Depositor** a perfected security interest in eligible securities owned by the **Institution**, as allowed by *12 U.S.C. §90* and as provided in *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended. The securities pledged as collateral hereunder ("**Collateral**") shall at all times have a market value, as determined by the **Depositor** equal to at least 105% (the "**Maintenance Percentage**") of the amount of funds of the **Depositor** so deposited with the **Institution**. Each pledge of securities as **Collateral** hereunder shall be made as follows:

(a) In the case of any un-certificated securities issued by the United States and registered in the name of the **Institution** by the Federal Reserve Bank of St. Louis or any branch thereof, by delivery by the **Institution** to the **Depositor** of a written confirmation setting forth the securities pledged and also by the **Institution** identifying on its books and records as being pledged to the **Depositor** specific securities or a quantity of specific securities that constitute or are part of a fungible bulk of securities owned by the **Institution**;

(b) In the case of any un-certificated securities issued by the United States and held for the account of the **Institution** by another financial intermediary (a bank or a securities broker-dealer), by delivery by the financial intermediary to the **Institution** and the **Depositor** of a written confirmation setting forth the securities pledged, together with identification by the **Institution** on its books and records of the pledge of such securities to the **Depositor** and identification by the financial intermediary on its books and records of the pledge of such securities to the **Depositor**;

(c) In the case of any securities issued in the form of certificates and held in the **Institution's** possession, by delivery or transfer of such certificates (in bearer form or with instruments of transfer duly endorsed in blank) to the address or account of the **Depositor**; and

(d) In the case of any securities issued in the form of certificates and held in the possession of a financial intermediary (a bank or a securities broker-dealer) for the account of the **Institution**, by delivery or transfer of such certificates (in bearer form or with instruments of transfer duly endorsed in blank) to the address or account of the **Depositor** or by delivery by the financial intermediary to the **Depositor** and the **Institution** of a written confirmation setting forth the securities pledged together with identification by the **Institution** on its books and records of the pledge to the **Depositor** of the specific certificated securities held in the financial intermediary's possession and identification by the financial intermediary on its books and records of the pledge to the **Depositor** of the specific certificated securities held in its possession for the account of the **Institution**.

Each written confirmation delivered to the **Depositor** pursuant to this Agreement shall set forth, at a minimum, (i) a description of the securities pledged as collateral hereunder, including the type, cusip number, maturity date, interest rate and par amount of each security pledged, (ii) the amount of funds of the **Depositor** on deposit as of the date of the confirmation, (iii) the market value of the securities pledged as collateral as of a recent date, and (iv) a statement that the confirmation has been delivered to the **Depositor** pursuant to the terms of this Agreement.

2. If at any time the ratio of the market value of the **Collateral** to the amount of funds on deposit is less than the **Maintenance Percentage**, then the **Institution** shall assign, pledge and convey a security interest and transfer to the **Depositor** securities of the type eligible to be pledged pursuant to *Arkansas Code Annotated §19-8-203 and §23-47-203(c)*, as amended, and in such amount so that the ratio of the market value of such pledged securities to the amount of funds on deposit shall be at least equal to the **Maintenance Percentage**. Any additional pledge of **Collateral** hereunder shall be approved by an officer of the **Institution** duly authorized by resolutions of the Board of Directors to approve substitutions of collateral, releases of collateral, and additional pledges of collateral under this Agreement ("**Duly Authorized Institution Officer**").

3. The **Institution** shall have the right, from time to time, after approval thereof by a **Duly Authorized Institution Officer**, to withdraw any of the pledged securities and substitute therefore other pledged securities of the same type and of like amount of the securities withdrawn upon compliance with the requirements of paragraph 1 hereof and delivery to the **Depositor** of written notice of such substitution, specifically identifying the securities withdrawn and the securities substituted therefore.

4. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the **Institution** at the time of the transfer of the **Collateral** to the **Depositor** hereunder, but also any and all subsequent deposits of funds with the **Institution** by the **Depositor**, notwithstanding the account or accounts in which such funds may be held or identified by the **Institution**.

5. The pledge of **Collateral** by the **Institution** to secure the deposits of the **Depositor** shall be in addition to, and shall in no way eliminate or diminish, any insurance coverage to which the **Depositor** may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the **Institution** for the purpose of protecting the claims and rights of its depositors.

6. It is agreed that when the **Institution** shall have paid out and accounted for all the funds of the **Depositor** so deposited with the **Institution**, then and in that event any and all securities pledged as **Collateral** under this Agreement shall be released from the security interest created hereunder, and the **Institution** and the **Depositor** shall take whatever actions may be necessary to cause a transfer of such securities to the **Institution** free and clear of any liens created hereunder.

7. The **Institution** hereby represents to the **Depositor** that (i) it is a national bank, state bank, out-of-state bank with Certificate of Authority under *Arkansas Code Annotated §23-48-1001* or savings and loan association, duly organized and validly existing under the laws of the United States or the State of Arkansas, (ii) it has, or will have at the time of delivery of any securities as **Collateral** under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of securities as **Collateral** hereunder has been approved by its Board of Directors, and (iv) the execution and delivery of this Agreement and the pledge of securities as **Collateral** hereunder will not violate or be in conflict with the Articles of Association or By-laws of the **Institution**, any agreement or instrument to which the **Institution** may be a party, any rule, regulation or order of any banking regulator applicable to the **Institution**, or any internal policy of the **Institution** adopted by its Board of Directors.

8. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

9. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

10. In any action or proceeding which a party may be required to prosecute to enforce its respective rights hereunder, the unsuccessful party therein agrees to pay all reasonable costs incurred by the prevailing party therein, including reasonable attorney's fees, to be fixed by the court, and said costs and attorney's fees shall be made a part of the judgment of said action.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof.

12. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first written above.

**ATTEST:**

**DEPOSITOR:**

\_\_\_\_\_

Address for Notices:

By: \_\_\_\_\_

Title: \_\_\_\_\_

**INSTITUTION:**

\_\_\_\_\_

Address for Notices:

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Signature

**CERTIFICATE OF CORPORATE RESOLUTIONS**

I, \_\_\_\_\_ the duly elected, qualified and acting Secretary of \_\_\_\_\_ ("**Institution**"), do hereby certify that set forth below is a true, correct and complete copy of resolutions adopted by the Board of Directors of the **Institution** at a meeting duly convened and held, pursuant to notice properly given or waivers of notice properly made pursuant to applicable banking laws, on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ o'clock, \_\_\_\_\_m., at which meeting a quorum for the transaction of business was at all times present and acting, and that said resolutions, approvals and authorizations have not been amended or revoked and are now in full force and effect:

**RESOLVED**, that the Security Agreement for Funds Held in Deposit ("**Agreement**") by and between \_\_\_\_\_ ("**Institution**") and \_\_\_\_\_ ("**Depositor**"), dated as of \_\_\_\_\_, is hereby approved and the President and the Secretary of the **Institution** be, and they hereby are, authorized, empowered and directed, for and in the name of and on behalf of the **Institution**, to execute such **Agreement** and deliver it to **Depositor**; and

**FURTHER RESOLVED**, that during the term of the **Agreement** the **Institution** is hereby authorized and empowered to pledge and transfer as collateral thereunder such securities of the **Institution** as determined by a Duly Authorized Institution Officer; and

**FURTHER RESOLVED**, that the Secretary of the **Institution** be, and he hereby is, authorized, empowered and directed to maintain the **Agreement** as an official record of the **Institution** until its revocation, rescission or termination; and

**FURTHER RESOLVED**, that the officers of the **Institution** be, and they hereby are, authorized, empowered and directed to take such actions and to execute and deliver such documents and instruments as they may deem necessary to satisfy the obligations and covenants of the **Institution** under such **Agreement** and to carry out the intents, purposes and objects of these resolutions; and

**FURTHER RESOLVED**, that the officers of the **Institution** listed below are hereby designated as the Duly Authorized Institution Officers under the **Agreement**, with full power and authority to determine the initial securities to be pledged as collateral thereunder and to approve all substitutions of collateral, releases of collateral, and additional pledges of collateral thereunder, and if needed, to designate representatives of the **Institution** to transact business with the **Depositor**.

DESIGNATED DULY AUTHORIZED INSTITUTION OFFICERS

\_\_\_\_\_  
NAME/TITLE

\_\_\_\_\_  
NAME/TITLE

\_\_\_\_\_  
NAME/TITLE

\_\_\_\_\_  
NAME/TITLE

\_\_\_\_\_  
NAME/TITLE

\_\_\_\_\_  
NAME/TITLE

**WITNESS** my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

(SEAL)

\_\_\_\_\_  
Secretary





**THIS COUNTY, ARKANSAS  
 COVERAGE SCHEDULE  
 JANUARY 31, 2008**

BANK	DEPOSITS			COVERAGE				OVER (UNDER
	DEMAND	TIME	TOTAL	FDIC INSURANCE		MARKET VALUE OF PLEDGED SECURITIES	TOTAL COVERAGE	
				DEMAND	TIME			
First National Bank	629,130.02	532,670.98	1,161,801.00	100,000.00	100,000.00	1,120,000.00	1,320,000.00	158,199.00
Security Bank	220,150.75	265,000.25	485,151.00	100,000.00	100,000.00	359,600.00	559,600.00	74,449.00

**TOTAL ALL**                      849,280.77    797,671.23    1,646,952.00    200,000.00    200,000.00    1,479,600.00    1,879,600.00    232,648.00

XXXX

From "BANK DEPOSITS SCHEDULE"	Per FDIC regulations	From "BANK SECURITY FORM"	TOTAL DEPOSITS LESS TOTAL COVERAGE
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XXXX Overcoverage from one bank will not cover "pledged security" shortages in another bank.