

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

**December 31, 2011**

LEGISLATIVE JOINT AUDITING COMMITTEE

---



BAXTER COUNTY, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	4

**Sen. Bryan B. King**  
Senate Chair  
**Rep. Kim Hammer**  
House Chair  
**Sen. Linda Chesterfield**  
Senate Vice Chair  
**Rep. John W. Walker**  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Baxter County, Arkansas, as of December 31, 2011, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended.

The financial statements referred to above do not disclose all the required information concerning deposit risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

Further, in our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2011, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and road fund for the year then ended on the basis of accounting as described in Note 1(C).

As discussed in Note 1 to the financial statements, the County changed the classifications of its governmental fund balances on January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The other information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in cursive script, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas  
December 6, 2012  
LOCO00311

**Sen. Bryan B. King**  
Senate Chair  
**Rep. Kim Hammer**  
House Chair  
**Sen. Linda Chesterfield**  
Senate Vice Chair  
**Rep. John W. Walker**  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated December 6, 2012. We issued an adverse opinion because the County prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

2011-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

Compliance and Other Matters

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

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

Other Issues

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

The commentary contained in this section relates to the following officials that held office during 2011:

County Judge: Joe Bodenhamer  
Treasurer: Nelda Speaks  
Sheriff: John Montgomery  
Tax Collector: Willa Mae Tilley  
County and Circuit Clerk: Rhonda Porter  
County Librarian: Gwen Khayat

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

**Sheriff**

Monthly settlements were not made on the first of each month or within ten business working days thereafter as required by Ark. Code Ann. § 26-39-201.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, the federal awarding agencies, and pass-through entities, if applicable, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



June M. Barron, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 6, 2012

BAXTER COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011

Exhibit A

	General	Road	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,858,430	\$ 779,685	\$ 3,156,845
Accounts receivable	454,211	192,410	325,931
<b>TOTAL ASSETS</b>	<b>\$ 3,312,641</b>	<b>\$ 972,095</b>	<b>\$ 3,482,776</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 101,008	\$ 43,365	\$ 68,145
Settlements pending	763,876		717,917
<b>Total Liabilities</b>	<b>864,884</b>	<b>43,365</b>	<b>786,062</b>
Fund Balances: (Note 7)			
Restricted		928,730	2,696,771
Committed	591,679		
Unassigned	1,856,078		(57)
<b>Total Fund Balances</b>	<b>2,447,757</b>	<b>928,730</b>	<b>2,696,714</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,312,641</b>	<b>\$ 972,095</b>	<b>\$ 3,482,776</b>

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

BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 797,706	\$ 1,519,648	\$ 293,184
Federal aid	76,342	398,447	260,630
Property taxes	504,811	1,104,687	525,172
Sales taxes	3,354,674		3,403
Fines, forfeitures, and costs	481,840		328,365
Interest	33,232	6,842	30,946
Officers' fees	163,256		393,477
Hospital lease	497,500		102,500
Jail fees	232,607		
911 fees			458,802
School district contributions			314,751
Hangar fees			107,095
Treasurer's commission	95,787		31,036
Collector's commission	250,344		104,503
Taxes apportioned - Assessor's salary and expense	535,717		
Other	468,844	40,469	95,754
 TOTAL REVENUES	 7,492,660	 3,070,093	 3,049,618
 Less: Treasurer's commission	 53,920	 22,047	 20,246
 NET REVENUES	 7,438,740	 3,048,046	 3,029,372
 EXPENDITURES			
Current:			
General government	2,197,038		592,729
Law enforcement	3,903,998		218,192
Highways and streets	24,499	3,589,923	
Public safety	566,080		635,006
Health	32,226		
Recreation and culture	20,345		1,035,005
Social services	67,650		
Airport	59,631		67,867
Education			393,386
Total Current	6,871,467	3,589,923	2,942,185



BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit B

	General	Road	Other Funds in the Aggregate
EXPENDITURES (Continued)			
Debt Service:			
Bond principal			\$ 872,323
Bond interest and other charges			61,219
Lease principal		\$ 62,322	
Lease interest		3,451	
Note principal			13,479
Note interest			5,121
TOTAL EXPENDITURES	<u>\$ 6,871,467</u>	<u>3,655,696</u>	<u>3,894,327</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>567,273</u>	<u>(607,650)</u>	<u>(864,955)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	278,689	878,951	55,650
Transfers out	(724,278)	(77,753)	(411,259)
Sale of building			100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(445,589)</u>	<u>801,198</u>	<u>(255,609)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>121,684</u>	<u>193,548</u>	<u>(1,120,564)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,352,913	735,182	3,790,438
Restatement adjustment	(26,840)		26,840
FUND BALANCES - JANUARY 1, AS RESTATED	<u>2,326,073</u>	<u>735,182</u>	<u>3,817,278</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,447,757</u>	<u>\$ 928,730</u>	<u>\$ 2,696,714</u>

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

BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 672,300	\$ 797,706	\$ 125,406	\$ 1,510,500	\$ 1,519,648	\$ 9,148
Federal aid	40,000	76,342	36,342	248,000	398,447	150,447
Property taxes	485,525	504,811	19,286	976,060	1,104,687	128,627
Sales taxes	3,265,000	3,354,674	89,674			
Fines, forfeitures, and costs	429,974	481,840	51,866			
Interest	19,660	33,232	13,572	4,325	6,842	2,517
Officers' fees	173,000	163,256	(9,744)			
Hospital lease	150,360	497,500	347,140			
Jail fees	165,000	232,607	67,607			
Treasurer's commission	260,000	95,787	(164,213)			
Collector's commission	800,000	250,344	(549,656)			
Taxes apportioned - Assessor's salary and expense	580,854	535,717	(45,137)			
Other	202,900	468,844	265,944	96,500	40,469	(56,031)
<b>TOTAL REVENUES</b>	<b>7,244,573</b>	<b>7,492,660</b>	<b>248,087</b>	<b>2,835,385</b>	<b>3,070,093</b>	<b>234,708</b>
Less: Treasurer's commission		53,920	(53,920)		22,047	(22,047)
<b>NET REVENUES</b>	<b>7,244,573</b>	<b>7,438,740</b>	<b>194,167</b>	<b>2,835,385</b>	<b>3,048,046</b>	<b>212,661</b>
EXPENDITURES						
Current:						
General government	3,232,958	2,197,038	1,035,920			
Law enforcement	3,674,809	3,903,998	(229,189)			
Highways and streets		24,499	(24,499)	3,811,502	3,589,923	221,579
Public safety	548,587	566,080	(17,493)			
Health	33,700	32,226	1,474			
Recreation and culture	18,500	20,345	(1,845)			
Social services	69,432	67,650	1,782			
Airport	61,307	59,631	1,676			
<b>Total Current</b>	<b>7,639,293</b>	<b>6,871,467</b>	<b>767,826</b>	<b>3,811,502</b>	<b>3,589,923</b>	<b>221,579</b>

BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)						
Debt Service:						
Lease principal					\$ 62,322	\$ (62,322)
Lease interest					3,451	(3,451)
TOTAL EXPENDITURES	<u>\$ 7,639,293</u>	<u>\$ 6,871,467</u>	<u>\$ 767,826</u>	<u>\$ 3,811,502</u>	<u>3,655,696</u>	<u>155,806</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(394,720)</u>	<u>567,273</u>	<u>961,993</u>	<u>(976,117)</u>	<u>(607,650)</u>	<u>368,467</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		278,689	278,689	525,000	878,951	353,951
Transfers out	<u>(879,351)</u>	<u>(724,278)</u>	<u>155,073</u>	<u>(879,351)</u>	<u>(77,753)</u>	<u>(77,753)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(879,351)</u>	<u>(445,589)</u>	<u>433,762</u>	<u>525,000</u>	<u>801,198</u>	<u>276,198</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,274,071)</u>	<u>121,684</u>	<u>1,395,755</u>	<u>(451,117)</u>	<u>193,548</u>	<u>644,665</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,352,913	2,352,913		735,182	735,182	
Restatement adjustment	<u>(26,840)</u>	<u>(26,840)</u>				
FUND BALANCES - JANUARY 1, AS RESTATED	<u>2,326,073</u>	<u>2,326,073</u>		<u>735,182</u>	<u>735,182</u>	
FUND BALANCES - DECEMBER 31	<u>\$ 1,052,002</u>	<u>\$ 2,447,757</u>	<u>\$ 1,395,755</u>	<u>\$ 284,065</u>	<u>\$ 928,730</u>	<u>\$ 644,665</u>

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

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

**B. Basis of Presentation - Regulatory Fund Accounting**

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

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

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

**General Fund** - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Animal Control, Wolf House, and Sheriff's Drug.

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: County Recorder's Cost, Public Defender, Boating Safety, Sheriff's Special, CMRS 911 Board (Commercial Mobile Radio Service), Communication Facility and Equipment (Sheriff's Radio), Child Support Cost, Treasurer's Automation, Grant, Collector's Automation, Special Jail Fee, Court Automation, Office of Emergency Services (OES)/Homeland Security, Assessor's Amendment no. 79, Airport Grant, Sheriff's Grant, Library Board, Juvenile Grant, Juvenile Probation Fees, and Airport.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following Debt Service Funds are reported with other funds in the aggregate: County Jail and Airport Revenue Bonds.

Agency Funds - Agency Funds are used to account for assets held by the entity as an agent for individuals, private organizations, other governmental units, and other funds. The following Agency Funds are reported with other funds in the aggregate: Treasurer's Accounts (Property Tax Relief, Collector's Unapportioned, and Law Library), Collector's Accounts (Current Tax and Delinquent Tax), Sheriff's Accounts (Fee, Circuit Bond, Commissary, and Seizure), County and Circuit Clerk Accounts (Fee and Trust), and Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting**

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas Code. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

**D. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, fees, and excess commissions that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Quorum Court.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**E. Property Taxes**

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

**F. Budget Law**

1. Legal Requirements

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

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other Special Revenue Funds except for the Communication Facility and Equipment (Sheriff's Radio) Fund and the Sheriff's Drug account which is a part of the General Fund.

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**G. Fund Balance Classification Policies and Procedures**

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

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

**H. Change in Regulatory Basis**

The County adopted Governmental Accounting Standards Board (GASB) Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on January 1, 2011. GASB Statement no. 54 changed the classifications of governmental fund balances from reserved and unreserved to nonspendable, restricted, committed, assigned, and unassigned.

**NOTE 2: Cash**

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

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

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

**NOTE 4: Accounts Receivable**

The accounts receivable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 108,480	\$ 105,596	\$ 15,886
Federal aid			74,232
Property taxes	8,231	39,684	18,659
Sales taxes	260,804		1,471
Fines, forfeitures, and costs	43,982		19,252
Interest	610	181	34
Officers' fees	7,286		35,665
911 fees			120,441
Other	24,818	46,949	40,291
Totals	<u>\$ 454,211</u>	<u>\$ 192,410</u>	<u>\$ 325,931</u>

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 5: Accounts Payable**

The accounts payable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 101,008	\$ 43,365	\$ 68,145

**NOTE 6: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2011, the legal debt limit for bonded debt was \$63,115,905. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2011, the legal debt limit for short-term financing obligations was \$16,557,850. The amount of short-term financing obligations was \$126,527 leaving a legal debt margin of \$16,431,323.

**NOTE 7: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2011 are composed of the following:

Description	General	Road	Other Funds in the Aggregate
Restricted for:			
General government			\$ 1,056,467
Law enforcement			358,828
Highways and streets		\$ 928,730	
Public safety			414,479
Recreation and culture			515,310
Airport			272,886
Debt service			78,801
Total Restricted		<u>928,730</u>	<u>2,696,771</u>
Committed for:			
General government	\$ 567,904		
Law enforcement	3,552		
Health	20,223		
Total Committed	<u>591,679</u>		
Unassigned	<u>1,856,078</u>		<u>(57)</u>
Totals	<u>\$ 2,447,757</u>	<u>\$ 928,730</u>	<u>\$ 2,696,714</u>

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 8: Deficit Fund Balances**

The following fund has a deficit fund balance as of December 31, 2011:

	December 31, 2011
Other Funds in the Aggregate:	
Special Revenue:	
Juvenile Grant	\$ (57)

**NOTE 9: Commitments**

Total commitments consist of the following at December 31, 2011:

Description	December 31, 2011
Long-term liabilities	\$ 573,125
Reappraisal contract	378,324
Total	\$ 951,449

Long-term Liabilities

Long-term liabilities at December 31, 2011 are comprised of the following:

	December 31, 2011
Bonded indebtedness, dated December 18, 2001, entitled Baxter County, Arkansas, Airport revenue bonds in the amount of \$701,000 with interest rate of five percent. These bonds were issued for the purpose of refunding the lease-purchase contract for the airport hangars and the construction of additional hangars. The bonds shall be paid from the airport hangar revenues, payable through December 2022. Payments are to be made from the Airport Revenue Bonds Debt Service Fund.	\$ 446,598
Promissory note, dated March 14, 2008, with First Security Bank in the amount of \$150,000 with interest rate of 4.5% for the purchase of airport hangars. Monthly payments of \$1,550 for 119 months with a balloon payment of \$5,249. Payments are to be made from the Airport Fund.	104,859
Lease-purchase agreement, dated July 17, 2009, with Caterpillar Financial Services Corporation in the amount of \$121,151 with interest rate of 6.75% for the refinancing of a balloon payment on a previous lease-purchase agreement for a motor grader. Monthly payments of \$3,727 for 34 months and a final payment of \$3,728. Payments are to be made from the Road Fund.	21,668
Total Long-term Liabilities	\$ 573,125

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

Compensated Absences

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



BAXTER COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

**NOTE 9: Commitments (Continued)**

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2011:

Years Ending December 31,	Bonds	Notes	Leases	Total
2012	\$ 55,650	\$ 18,600	\$ 22,102	\$ 96,352
2013	55,650	18,600		74,250
2014	55,650	18,600		74,250
2015	55,650	18,600		74,250
2016	55,650	18,600		74,250
2017 through 2021	278,248	28,458		306,706
2022	17,670			17,670
Total Obligations	574,168	121,458	22,102	717,728
Less Interest	127,570	16,599	434	144,603
Total Principal	<u>\$ 446,598</u>	<u>\$ 104,859</u>	<u>\$ 21,668</u>	<u>\$ 573,125</u>

Reappraisal Contract

The County entered into a contract dated November 13, 2009 with Total Assessment Solutions Contract for reappraisal services. Terms of the contract require monthly payments of \$ 31,527 beginning January 15, 2010 for a period of three years. The County is obligated for the following amount for the next year:

<u>Year</u>	<u>Amount</u>
2012	<u>\$ 378,324</u>

Reappraisal expense for 2011 was \$ 378,324.

**NOTE 10: Interfund Transfers**

The General Fund transferred \$724,278 to the Road Fund for operations. The Road Fund and Other Funds in the Aggregate (CRMS 911 Board, Grant, Special Jail Fee, Sheriff's Grant, and Juvenile Probation Fees) transferred \$77,753, \$2,349, \$20,950, \$155,085, \$436, and \$661, respectively, to the General Fund for reimbursements of expenditures. The Other Funds in the Aggregate (Airport Grant) transferred \$154,673 to the Road Fund for operations. The Other Funds in the Aggregate (County Jail Debt Service) transferred excess bond funds of \$21,455 to the General Fund for operations. The Other Funds in the Aggregate transfers between funds were as follows: Airport Fund transferred \$55,650 to the Airport Revenue Bonds Debt Service Fund for debt service payments.

**NOTE 11: Prior Year Restatement**

The January 1, 2011 fund balance in the General Fund was increased by \$1,405 and decreased by \$28,245 for a net change of (\$26,840) due to Other Funds in the Aggregate (Wolf House) being reclassified to the General Fund and General Fund (Juvenile Probation Fees) being reclassified to Other Funds in the Aggregate.

**NOTE 12: Subsequent Events**

On October 11, 2012, the County issued a \$505,000 Airport Revenue Refunding and Improvement Bond with an interest rate of 3.85 percent. The bond proceeds will be used for airport improvements and to refund existing debt.

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 13: Pledged Revenues**

The County has pledged future airport hangar revenues to repay \$701,000 in bonds that were issued in 2001 to finance the construction of airport hangars. Total principal and interest remaining on the bonds was \$446,598 and \$127,570, respectively, payable through December 2022. For the current year, principal and interest paid and total airport hangar revenues were \$32,323, \$23,327, and \$107,095, respectively. On October 11, 2012, the County issued an Airport Revenue Refunding and Improvement Bond to refund the balance due on the \$701,000 bond issue.

The County pledged future hospital lease revenue to repay \$3,240,000 in bonds that were issued in 2002 to finance the construction of a jail. The bonds were paid off early in 2011. For the current year, principal and interest paid and total hospital lease revenues were \$840,000, \$35,914, and \$600,000, respectively.

**NOTE 14: Jointly Governed Organization**

The Northwest Arkansas Regional Solid Waste District d/b/a Nabors Landfill and Hauling is a jointly governed organization comprised of representatives from Baxter, Boone, Carroll, Marion, Newton, and Searcy Counties and participating cities within the aforementioned counties. Representatives are the respective county judges and mayors unless some other representative is appointed by the participating entity. In April 2011, the District changed its name to the Ozark Mountain Solid Waste District. Baxter County paid Nabors Landfill \$12,349 during 2011.

The Quorum Court passed Ordinance no. 2010-18 (March 2, 2010) adopting an Interlocal Alliance Agreement between City of Mountain Home and Baxter and Marion Counties for the purpose of purchasing the Nabors Landfill and Hauling Operation. The North Arkansas Board of Regional Sanitation was then formed by the City of Mountain Home and Baxter and Marion Counties to operate, maintain, and improve the Nabors Landfill and Hauling Operation. The Board of Directors consists of seven persons: the mayor and judges from the respective members and one selected by the legislative body of each member. These six select the seventh member.

**NOTE 15: Risk Management**

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

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

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

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

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

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**NOTE 16: Arkansas Public Employees Retirement System**

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

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

**NOTE 17: Long-term Note Receivable**

Baxter County received a promissory note dated August, 2010 from the City of Mountain Home for the sale of a county-owned building. The principal amount is \$200,000 with two consecutive annual installments of \$100,000 and no interest. This note receivable is not included in the accompanying financial statements. The balance is \$100,000 at December 31, 2011.

**NOTE 18: Revenue Bond Issues**

The following revenue bonds were issued for securing and developing industry within Baxter County. These bonds are being retired by a lease-rental plan with the following corporations:

Corporation	Ordinance No. Authorizing Issuance	Date of Issuance	Original Amount of Bonds Issued	Bonds Outstanding as of December 31, 2011
Aeroquip Corporation	83-97	10/01/93	\$ 7,200,000	\$ 7,200,000
Baxter County Regional Hospital	99-33	05/01/99	79,845,000	63,015,000
Totals			<u>\$ 87,045,000</u>	<u>\$ 70,215,000</u>

The bonds are special obligation bonds of Baxter County and do not constitute an indebtedness of the County within any constitutional or statutory limitation, but are payable solely from lease rentals of certain properties and are secured by a statutory mortgage lien on the same.

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS									
	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation	Grant	Collector's Automation
<b>ASSETS</b>										
Cash and cash equivalents	\$ 491,803	\$ 61,127	\$ 32,854	\$ 27,724	\$ 316,212	\$ 5,795	\$ 48,969	\$ 10,499	\$ 473	\$ 441,976
Accounts receivable	34,592	4,889	2,150	78	124,719	2,412	127		4,730	56
<b>TOTAL ASSETS</b>	<b>\$ 526,395</b>	<b>\$ 66,016</b>	<b>\$ 35,004</b>	<b>\$ 27,802</b>	<b>\$ 440,931</b>	<b>\$ 8,207</b>	<b>\$ 49,096</b>	<b>\$ 10,499</b>	<b>\$ 5,203</b>	<b>\$ 442,032</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 7,225	\$ 1,875		\$ 1,070	\$ 37,372		\$ 235		\$ 1,756	\$ 724
Settlements pending										17,752
<b>Total Liabilities</b>	<b>7,225</b>	<b>1,875</b>		<b>1,070</b>	<b>37,372</b>		<b>235</b>		<b>1,756</b>	<b>18,476</b>
<b>Fund Balances:</b>										
Restricted	519,170	64,141	\$ 35,004	26,732	403,559	\$ 8,207	48,861	\$ 10,499	3,447	423,556
Unassigned										
<b>Total Fund Balances</b>	<b>519,170</b>	<b>64,141</b>	<b>35,004</b>	<b>26,732</b>	<b>403,559</b>	<b>8,207</b>	<b>48,861</b>	<b>10,499</b>	<b>3,447</b>	<b>423,556</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 526,395</b>	<b>\$ 66,016</b>	<b>\$ 35,004</b>	<b>\$ 27,802</b>	<b>\$ 440,931</b>	<b>\$ 8,207</b>	<b>\$ 49,096</b>	<b>\$ 10,499</b>	<b>\$ 5,203</b>	<b>\$ 442,032</b>

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2011

Schedule 1

SPECIAL REVENUE FUNDS

	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/Homeland Security	Assessor's Amendment no. 79	Sheriff's Grant	Library Board	Juvenile Grant	Juvenile Probation Fees	Airport
<b>ASSETS</b>									
Cash and cash equivalents	\$ 67,232	\$ 106,935	\$ (61,176)	\$ 44,844	\$ 307	\$ 488,326	\$ (4,137)	\$ 27,543	\$ 270,573
Accounts receivable	14,641	1,943	74,232	9,537		41,766	4,552	3,194	2,313
<b>TOTAL ASSETS</b>	<b>\$ 81,873</b>	<b>\$ 108,878</b>	<b>\$ 13,056</b>	<b>\$ 54,381</b>	<b>\$ 307</b>	<b>\$ 530,092</b>	<b>\$ 415</b>	<b>\$ 30,737</b>	<b>\$ 272,886</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 423		\$ 2,136			\$ 14,782	\$ 472	\$ 75	
Settlements pending									
<b>Total Liabilities</b>	<b>423</b>		<b>2,136</b>			<b>14,782</b>	<b>472</b>	<b>75</b>	
Fund Balances:									
Restricted	81,450	\$ 108,878	10,920	\$ 54,381	\$ 307	515,310		30,662	\$ 272,886
Unassigned							(57)		
<b>Total Fund Balances</b>	<b>81,450</b>	<b>108,878</b>	<b>10,920</b>	<b>54,381</b>	<b>307</b>	<b>515,310</b>	<b>(57)</b>	<b>30,662</b>	<b>272,886</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 81,873</b>	<b>\$ 108,878</b>	<b>\$ 13,056</b>	<b>\$ 54,381</b>	<b>\$ 307</b>	<b>\$ 530,092</b>	<b>\$ 415</b>	<b>\$ 30,737</b>	<b>\$ 272,886</b>

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2011

Schedule 1

	DEBT SERVICE FUND	AGENCY FUNDS					Totals
	Airport Revenue Bonds	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/Circuit Clerk's Accounts	Juvenile Services Accounts	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 78,801	\$ 44,356	\$ 182,050	\$ 267,650	\$ 200,253	\$ 5,856	\$ 3,156,845
Accounts receivable							325,931
<b>TOTAL ASSETS</b>	<u>\$ 78,801</u>	<u>\$ 44,356</u>	<u>\$ 182,050</u>	<u>\$ 267,650</u>	<u>\$ 200,253</u>	<u>\$ 5,856</u>	<u>\$ 3,482,776</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable							\$ 68,145
Settlements pending		\$ 44,356	\$ 182,050	\$ 267,650	\$ 200,253	\$ 5,856	717,917
Total Liabilities		<u>44,356</u>	<u>182,050</u>	<u>267,650</u>	<u>200,253</u>	<u>5,856</u>	<u>786,062</u>
Fund Balances:							
Restricted	\$ 78,801						2,696,771
Unassigned							(57)
Total Fund Balances	<u>78,801</u>						<u>2,696,714</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 78,801</u>	<u>\$ 44,356</u>	<u>\$ 182,050</u>	<u>\$ 267,650</u>	<u>\$ 200,253</u>	<u>\$ 5,856</u>	<u>\$ 3,482,776</u>

BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

SPECIAL REVENUE FUNDS

	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation	Wolf House
REVENUES									
State aid		\$ 2,765	\$ 16,293						
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs		31,478		\$ 4,000					
Interest	\$ 7,279	785	331	390	\$ 5,243	\$ 27	\$ 620	\$ 126	
Officers' fees	353,299					34,034	6,144		
Hospital lease									
911 fees					458,802				
School district contributions									
Hangar fees									
Treasurer's commission								31,036	
Collector's commission									
Other				1,136	2,503				
<b>TOTAL REVENUES</b>	<b>360,578</b>	<b>35,028</b>	<b>16,624</b>	<b>5,526</b>	<b>466,548</b>	<b>34,061</b>	<b>6,764</b>	<b>31,162</b>	
Less: Treasurer's commission	3,007	250	133	49	2,956		57		
<b>NET REVENUES</b>	<b>357,571</b>	<b>34,778</b>	<b>16,491</b>	<b>5,477</b>	<b>463,592</b>	<b>34,061</b>	<b>6,707</b>	<b>31,162</b>	
EXPENDITURES									
Current:									
General government	484,896						3,261	36,446	
Law enforcement		27,910	4,359	19,409		39,979			
Public safety					536,380				
Recreation and culture									
Airport									
Education									
Total Current	484,896	27,910	4,359	19,409	536,380	39,979	3,261	36,446	
Debt Service:									
Bond principal									
Bond interest and other charges									
Note principal									
Note interest									
<b>TOTAL EXPENDITURES</b>	<b>484,896</b>	<b>27,910</b>	<b>4,359</b>	<b>19,409</b>	<b>536,380</b>	<b>39,979</b>	<b>3,261</b>	<b>36,446</b>	

BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS								
	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation	Wolf House
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (127,325)	\$ 6,868	\$ 12,132	\$ (13,932)	\$ (72,788)	\$ (5,918)	\$ 3,446	\$ (5,284)	
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out					(2,349)				
Sale of building									
TOTAL OTHER FINANCING SOURCES (USES)					(2,349)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(127,325)	6,868	12,132	(13,932)	(75,137)	(5,918)	3,446	(5,284)	
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	646,495	57,273	22,872	40,664	478,696	14,125	45,415	15,783	\$ 1,405
Restatement adjustment									(1,405)
FUND BALANCES - JANUARY 1, AS RESTATED	646,495	57,273	22,872	40,664	478,696	14,125	45,415	15,783	0
FUND BALANCES - DECEMBER 31	\$ 519,170	\$ 64,141	\$ 35,004	\$ 26,732	\$ 403,559	\$ 8,207	\$ 48,861	\$ 10,499	\$ 0



BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS								
	Grant	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/Homeland Security	Assessor's Amendment no. 79	Airport Grant	Sheriff's Grant	Library Board
REVENUES									
State aid	\$ 47,480					\$ 9,377			\$ 203,112
Federal aid					\$ 111,206				
Property taxes									525,172
Sales taxes									
Fines, forfeitures, and costs			\$ 143,433	\$ 15,042					113,927
Interest	270	\$ 4,346	1,050	1,293	12	698	\$ 832	\$ 2	2,463
Officers' fees									
Hospital lease									
911 fees									
School district contributions	314,751								
Hangar fees									
Treasurer's commission									
Collector's commission		104,503							
Other	521		1,672		1				61,921
<b>TOTAL REVENUES</b>	<b>363,022</b>	<b>108,849</b>	<b>146,155</b>	<b>16,335</b>	<b>111,219</b>	<b>10,075</b>	<b>832</b>	<b>2</b>	<b>906,595</b>
Less: Treasurer's commission	3,267	38	2,827	128	1	112	21		7,017
<b>NET REVENUES</b>	<b>359,755</b>	<b>108,811</b>	<b>143,328</b>	<b>16,207</b>	<b>111,218</b>	<b>9,963</b>	<b>811</b>	<b>2</b>	<b>899,578</b>
EXPENDITURES									
Current:									
General government		51,079				17,047			
Law enforcement	50,933		40,698	3,082					
Public safety					98,626				
Recreation and culture									1,035,005
Airport									
Education	393,386								
Total Current	444,319	51,079	40,698	3,082	98,626	17,047			1,035,005
Debt Service:									
Bond principal									
Bond interest and other charges									
Note principal									
Note interest									
<b>TOTAL EXPENDITURES</b>	<b>444,319</b>	<b>51,079</b>	<b>40,698</b>	<b>3,082</b>	<b>98,626</b>	<b>17,047</b>			<b>1,035,005</b>

BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS								
	Grant	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/Homeland Security	Assessor's Amendment no. 79	Airport Grant	Sheriff's Grant	Library Board
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (84,564)	\$ 57,732	\$ 102,630	\$ 13,125	\$ 12,592	\$ (7,084)	\$ 811	\$ 2	\$ (135,427)
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out	(20,950)		(155,085)				(154,673)	(436)	
Sale of building									100,000
TOTAL OTHER FINANCING SOURCES (USES)	(20,950)		(155,085)				(154,673)	(436)	100,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(105,514)	57,732	(52,455)	13,125	12,592	(7,084)	(153,862)	(434)	(35,427)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	108,961	365,824	133,905	95,753	(1,672)	61,465	153,862	741	550,737
Restatement adjustment									
FUND BALANCES - JANUARY 1, AS RESTATED	108,961	365,824	133,905	95,753	(1,672)	61,465	153,862	741	550,737
FUND BALANCES - DECEMBER 31	<u>\$ 3,447</u>	<u>\$ 423,556</u>	<u>\$ 81,450</u>	<u>\$ 108,878</u>	<u>\$ 10,920</u>	<u>\$ 54,381</u>	<u>\$ 0</u>	<u>\$ 307</u>	<u>\$ 515,310</u>

BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		Totals
	Juvenile Grant	Juvenile Probation Fees	Airport	County Jail	Airport Revenue Bonds	
REVENUES						
State aid	\$ 14,157					\$ 293,184
Federal aid			\$ 149,424			260,630
Property taxes						525,172
Sales taxes			3,403			3,403
Fines, forfeitures, and costs		\$ 20,485				328,365
Interest		358	531	\$ 3,995	\$ 295	30,946
Officers' fees						393,477
Hospital lease				102,500		102,500
911 fees						458,802
School district contributions						314,751
Hangar fees			107,095			107,095
Treasurer's commission						31,036
Collector's commission						104,503
Other		226	27,774			95,754
TOTAL REVENUES	14,157	21,069	288,227	106,495	295	3,049,618
Less: Treasurer's commission		383				20,246
NET REVENUES	14,157	20,686	288,227	106,495	295	3,029,372
EXPENDITURES						
Current:						
General government						592,729
Law enforcement	14,214	17,608				218,192
Public safety						635,006
Recreation and culture						1,035,005
Airport			67,867			67,867
Education						393,386
Total Current	14,214	17,608	67,867			2,942,185
Debt Service:						
Bond principal				840,000	32,323	872,323
Bond interest and other charges				37,892	23,327	61,219
Note principal			13,479			13,479
Note interest			5,121			5,121
TOTAL EXPENDITURES	14,214	17,608	86,467	877,892	55,650	3,894,327

BAXTER COUNTY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>			<u>DEBT SERVICE FUNDS</u>		<u>Totals</u>
	<u>Juvenile Grant</u>	<u>Juvenile Probation Fees</u>	<u>Airport</u>	<u>County Jail</u>	<u>Airport Revenue Bonds</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (57)</u>	<u>\$ 3,078</u>	<u>\$ 201,760</u>	<u>\$ (771,397)</u>	<u>\$ (55,355)</u>	<u>\$ (864,955)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in					55,650	55,650
Transfers out		(661)	(55,650)	(21,455)		(411,259)
Sale of building						100,000
TOTAL OTHER FINANCING SOURCES (USES)		<u>(661)</u>	<u>(55,650)</u>	<u>(21,455)</u>	<u>55,650</u>	<u>(255,609)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(57)</u>	<u>2,417</u>	<u>146,110</u>	<u>(792,852)</u>	<u>295</u>	<u>(1,120,564)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED			126,776	792,852	78,506	3,790,438
Restatement adjustment		<u>28,245</u>				<u>26,840</u>
FUND BALANCES - JANUARY 1, AS RESTATED		<u>28,245</u>	<u>126,776</u>	<u>792,852</u>	<u>78,506</u>	<u>3,817,278</u>
FUND BALANCES - DECEMBER 31	<u>\$ (57)</u>	<u>\$ 30,662</u>	<u>\$ 272,886</u>	<u>\$ 0</u>	<u>\$ 78,801</u>	<u>\$ 2,696,714</u>

BAXTER COUNTY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2011

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

Fund Name	Fund Description
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Sheriff's Special	Fund established to account for drug restitution ordered by Circuit Court to be used for drug eradication and court cost collected to fund the County's breathalyzer expenses as authorized by Ark. Code Ann. § 16-10-307.
CMRS 911 Board (Commercial Mobile Radio Service)	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Communication Facility and Equipment (Sheriff's Radio)	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to ten percent of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated record keeping system.
Wolf House	Fund established to receive and disburse state and federal grant monies for the renovation of an historic building located in the County known as the Wolf House.
Grant	Fund established to receive and disburse state grant monies related to juvenile services and to account for school district contributions and expenses related to alternative school programs.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to ten percent of Collector's gross commissions to operate the Collector's office and to purchase, maintain, and operate an automated record keeping system.
Special Jail Fee	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.
Office of Emergency Services(OES)/Homeland Security	Fund established to receive and disburse state and federal grant monies related to the Office of Emergency Services. Funds are restricted by the Grantor to be utilized for equipment purchases.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that one percent of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Arkansas Constitution Amendment no. 79.

BAXTER COUNTY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2011

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

Fund Name	Fund Description
Airport Grant	Fund established to match federal grant monies related to the Airport, however, the grant did not materialize. Therefore, the Quorum Court budgeted the balance in the fund to be transferred to the County Road Fund.
Sheriff's Grant	Fund established to receive and disburse federal grant monies to purchase equipment for law enforcement. Fund is restricted by Grantor.
Library Board	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.
Juvenile Grant	Fund established to receive and disburse state grant monies for the operations of the Juvenile Services Department. Fund is restricted by Grantor.
Juvenile Probation Fees	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.
Airport	Fund established by Baxter County court order dated March 16, 1978 to receive federal grants, state grants, and operating revenues to be used for improvements and operations of the Baxter Regional Airport.
County Jail	Baxter County Ordinance no. 2002-27 (February 20, 2002) established fund to maintain ten percent of revenue bond proceeds in reserve and to make principal and interest payments on revenue bonds (Hospital Lease Revenues).
Airport Revenue Bonds	Baxter County Ordinance no. 2001-68 (June 5, 2001) established fund to receive airport revenues and make principal and interest payments on revenue bonds. Airport hangar rents are pledged for Airport Revenue Bonds.

Treasurer's accounts consist primarily of property taxes and agency funds not yet distributed to the appropriate entities.

Collector's accounts consist primarily of current taxes being held under protest as directed by the Arkansas Supreme Court and delinquent taxes not yet distributed to the various taxing units.

Sheriff's accounts consist of bond, evidence, and inmate trust money.

County/Circuit Clerk's accounts consist primarily of fee money to be settled with the County Treasurer and trust money awaiting disposition by the applicable court.

Juvenile Services accounts consist primarily of probation fees awaiting disposition to the County.

BAXTER COUNTY, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2011  
(Unaudited)

Schedule 3

	<u>December 31, 2011</u>
Land and buildings	\$ 10,646,881
Improvements	2,928,390
Equipment	<u>10,388,234</u>
Total	<u>\$ 23,963,505</u>

BAXTER COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
DECEMBER 31, 2011  
(Unaudited)

Schedule 4

<b><u>General</u></b>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Assets	\$ 3,312,641	\$ 3,252,489	\$ 4,712,135	\$ 3,177,266	\$ 2,510,824
Total Liabilities	864,884	899,576	2,000,900	771,579	599,940
Total Fund Balances	2,447,757	2,352,913	2,711,235	2,405,687	1,910,884
Net Revenues	7,438,740	7,038,750	12,032,003	7,708,314	6,924,276
Total Expenditures	6,871,467	6,968,386	11,307,557	6,927,953	6,840,902
Total Other Financing Sources/Uses	(445,589)	(428,686)	(418,898)	(285,558)	(738,324)
 <b><u>Road</u></b>					
Total Assets	\$ 972,095	\$ 778,399	\$ 885,601	\$ 925,968	\$ 610,392
Total Liabilities	43,365	43,217	92,005	40,253	13,291
Total Fund Balances	928,730	735,182	793,596	885,715	597,101
Net Revenues	3,048,046	2,952,384	3,229,282	3,488,563	2,894,401
Total Expenditures	3,655,696	3,503,804	3,764,601	3,514,450	3,711,502
Total Other Financing Sources/Uses	801,198	493,006	443,200	314,501	947,599
 <b><u>Other Funds in the Aggregate</u></b>					
Total Assets	\$ 3,482,776	\$ 4,626,456	\$ 4,126,408	\$ 3,933,594	\$ 3,703,451
Total Liabilities	786,062	836,018	857,897	860,132	774,246
Total Fund Balances	2,696,714	3,790,438	3,268,511	3,073,462	2,929,205
Net Revenues	3,029,372	3,768,071	3,942,069	4,955,700	3,915,023
Total Expenditures	3,894,327	3,480,108	3,722,718	4,796,000	3,851,766
Total Other Financing Sources/Uses	(255,609)	233,964	(24,302)	(15,443)	(79,275)

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