

Baxter County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2012

LEGISLATIVE JOINT AUDITING COMMITTEE



BAXTER COUNTY, ARKANSAS
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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

Report on the Financial Statements

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, 2012, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arkansas Code, as described in Note 1, to meet the requirements permitted by the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements permitted by the State of Arkansas, the financial statements are prepared by the County on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Baxter County, Arkansas, as of December 31, 2012, or the revenues, expenditures, and changes in net position and when applicable, cash flows, thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The County's financial statements do not disclose all the required information concerning deposit risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2012, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and road fund for the year then ended in accordance with the financial reporting provisions of the Arkansas Code described in Note 1.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary 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. Such 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 omission of the information described above, the information is fairly stated in all material respects in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other 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 such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas
December 5, 2013
LOCO00312

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited 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, 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, 2012, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2013. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 regulatory basis of accounting described in Note 1, 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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.

2012-1 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 from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Findings

The County's response to the findings identified in our audit is described above. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Other Issues

The commentary contained in this section relates to the following officials that held office during 2012:

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 above offices were in substantial compliance with Arkansas fiscal and financial laws.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 5, 2013

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,761,368	\$ 825,467	\$ 3,061,949
Accounts receivable	415,693	76,054	149,079
TOTAL ASSETS	\$ 4,177,061	\$ 901,521	\$ 3,211,028
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 112,043	\$ 28,933	\$ 79,839
Settlements pending	766,842		643,298
Total Liabilities	878,885	28,933	723,137
Fund Balances:			
Restricted		872,588	2,488,621
Committed	824,308		
Unassigned	2,473,868		(730)
Total Fund Balances	3,298,176	872,588	2,487,891
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,177,061	\$ 901,521	\$ 3,211,028

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, 2012

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 689,341	\$ 1,551,667	\$ 371,007
Federal aid	72,283	269,149	470,160
Property taxes	548,380	1,158,838	558,287
Sales taxes	3,326,540		5,325
Fines, forfeitures, and costs	459,363		293,430
Interest	34,044	7,468	21,565
Officers' fees	131,627		414,983
Jail fees	171,834		
911 fees			395,353
School district contributions			1,283
Hangar fees			107,937
Donations	2,907		159,583
Local fees			15,160
Hospital lease	1,209,865		
Treasurer's commission	94,249		32,255
Collector's commission	294,076		108,081
Taxes apportioned - Assessor's salary and expense	522,755		
Other	494,558	22,252	59,386
	<u>8,051,822</u>	<u>3,009,374</u>	<u>3,013,795</u>
TOTAL REVENUES			
Less: Treasurer's commission	<u>56,680</u>	<u>22,760</u>	<u>27,728</u>
	<u>7,995,142</u>	<u>2,986,614</u>	<u>2,986,067</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	2,365,731		632,921
Law enforcement	3,729,308		163,195
Highways and streets	22,397	3,235,185	
Public safety	576,391		555,518
Health	32,033		
Recreation and culture	5,511		1,057,767
Social services	59,825		
Airport	58,298		625,621
Total Current	<u>6,849,494</u>	<u>3,235,185</u>	<u>3,035,022</u>
Debt Service:			
Bond principal			33,819
Bond interest and other charges			21,831
Lease principal		77,097	
Lease interest		9,205	
Note principal			11,689
Note interest			2,966
	<u>6,849,494</u>	<u>3,321,487</u>	<u>3,105,327</u>
TOTAL EXPENDITURES			

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,145,648	\$ (334,873)	\$ (119,260)
OTHER FINANCING SOURCES (USES)			
Transfers in	223,447	447,657	74,837
Transfers out	(447,657)	(63,330)	(234,954)
Sale of property			100,000
Bond proceeds			505,000
Bond issuance cost			(16,604)
Early retirement of bonds			(413,339)
Early retirement of note			(93,170)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(224,210)</u>	<u>384,327</u>	<u>(78,230)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>921,438</u>	<u>49,454</u>	<u>(197,490)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,447,757	928,730	2,696,714
Restatement adjustment	<u>(71,019)</u>	<u>(105,596)</u>	<u>(11,333)</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>2,376,738</u>	<u>823,134</u>	<u>2,685,381</u>
FUND BALANCES - DECEMBER 31	<u>\$ 3,298,176</u>	<u>\$ 872,588</u>	<u>\$ 2,487,891</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, 2012

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 835,290	\$ 689,341	\$ (145,949)	\$ 1,511,000	\$ 1,551,667	\$ 40,667
Federal aid	69,500	72,283	2,783	278,000	269,149	(8,851)
Property taxes	549,080	548,380	(700)	1,075,100	1,158,838	83,738
Sales taxes	3,200,000	3,326,540	126,540			
Fines, forfeitures, and costs	434,963	459,363	24,400			
Interest	24,399	34,044	9,645	5,295	7,468	2,173
Officers' fees	102,400	131,627	29,227			
Hospital lease	300,000	1,209,865	909,865			
Jail fees	162,250	171,834	9,584			
Donations		2,907	2,907			
Treasurer's commission	358,000	94,249	(263,751)			
Collector's commission	867,250	294,076	(573,174)			
Taxes apportioned - Assessor's salary and expense	570,853	522,755	(48,098)			
Other	127,400	494,558	367,158	96,000	22,252	(73,748)
TOTAL REVENUES	7,601,385	8,051,822	450,437	2,965,395	3,009,374	43,979
Less: Treasurer's commission		56,680	(56,680)		22,760	(22,760)
NET REVENUES	7,601,385	7,995,142	393,757	2,965,395	2,986,614	21,219
EXPENDITURES						
Current:						
General government	3,442,304	2,365,731	1,076,573			
Law enforcement	3,486,819	3,729,308	(242,489)			
Highways and streets		22,397	(22,397)	3,659,019	3,235,185	423,834
Public safety	560,202	576,391	(16,189)			
Health	17,500	32,033	(14,533)			
Recreation and culture	3,500	5,511	(2,011)			
Social services	14,804	59,825	(45,021)			
Airport	60,426	58,298	2,128			
Total Current	7,585,555	6,849,494	736,061	3,659,019	3,235,185	423,834
Debt Service:						
Lease principal					77,097	(77,097)
Lease interest					9,205	(9,205)
TOTAL EXPENDITURES	7,585,555	6,849,494	736,061	3,659,019	3,321,487	337,532

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, 2012

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 15,830	\$ 1,145,648	\$ 1,129,818	\$ (693,624)	\$ (334,873)	\$ 358,751
OTHER FINANCING SOURCES (USES)						
Transfers in		223,447	223,447	447,657	447,657	
Transfers out	(511,625)	(447,657)	63,968	(63,330)	(63,330)	(63,330)
TOTAL OTHER FINANCING SOURCES (USES)	(511,625)	(224,210)	287,415	447,657	384,327	(63,330)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(495,795)	921,438	1,417,233	(245,967)	49,454	295,421
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,828,000	2,447,757	619,757	405,500	928,730	523,230
Restatement adjustment		(71,019)	(71,019)		(105,596)	(105,596)
FUND BALANCES - JANUARY 1, AS RESTATED	1,828,000	2,376,738	548,738	405,500	823,134	417,634
FUND BALANCES - DECEMBER 31	\$ 1,332,205	\$ 3,298,176	\$ 1,965,971	\$ 159,533	\$ 872,588	\$ 713,055

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 turnback, 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, Sheriff's Grant, Library Board, Juvenile Grant, Juvenile Probation Fee, 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 Fund is reported with other funds in the aggregate: Airport Revenue Bond.

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 (Property Tax Relief, Collector's Unapportioned, and Law Library); Collector's (Current Tax and Delinquent Tax); Sheriff's (Fee, Circuit Bond, Commissary, and Seizure); County and Circuit Clerk (Fee and Trust); Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 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, 2012

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.

There were no assigned fund balances at December 31, 2012.

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, 2012 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 41,386		
Federal aid	744		\$ 30,047
Property taxes	7,014	\$ 4,815	2,194
Sales taxes	271,557		392
Fines, forfeitures, and costs	29,902		
Officers' fees	15,239		29,054
Jail fees			7,876
911 fees			25,328
Hangar fees			11,556
Other	49,851	71,239	42,632
Totals	\$ 415,693	\$ 76,054	\$ 149,079

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2012 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 112,043	\$ 28,933	\$ 79,839

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, 2012, the legal debt limit for bonded debt was \$65,891,662. 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, 2012, the legal debt limit for short-term financing obligations was \$17,224,842. The amount of short-term financing obligations was \$389,021, leaving a legal debt margin of \$16,835,821.

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2012 are composed of the following:

Description	General	Road	Other Funds in the Aggregate
Restricted for:			
General government			\$ 949,580
Law enforcement			336,958
Highways and streets		\$ 872,588	
Public safety			457,603
Recreation and culture			573,733
Airport			134,640
Debt service			36,107
Total Restricted		<u>872,588</u>	<u>2,488,621</u>
Committed for:			
General government	\$ 731,096		
Law enforcement	489		
Health	92,723		
Total Committed	<u>824,308</u>		
Unassigned	<u>2,473,868</u>		<u>(730)</u>
Totals	<u>\$ 3,298,176</u>	<u>\$ 872,588</u>	<u>\$ 2,487,891</u>

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8: Deficit Fund Balances

The following fund has a deficit fund balance as of December 31, 2012:

	December 31, 2012
Other Funds in the Aggregate	
Special Revenue Fund:	
Juvenile Grant	\$ (730)

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2012:

	December 31, 2012
Long-term liabilities	\$ 894,021
Reappraisal contract	1,580,820
 Total Commitments	 \$ 2,474,841

Long-term Liabilities

Long-term liabilities at December 31, 2012 are comprised of the following:

	December 31, 2012
Bonded indebtedness, dated October 11, 2012, titled Baxter County, Arkansas Airport Refunding and Improvement Bond, Series 2012, in the amount of \$505,000 with a interest rate of 3.85%. These bonds were issued for the purpose of refunding the 2001 Airport Revenue Bonds and promissory note for the purchase of constructing additional hangars. These bonds shall be paid from the pledged airport revenues, payable through October 2027. Payments are to be made from the Airport Revenue Bond Debt Service Fund.	\$ 505,000
Lease-purchase agreement dated April 23, 2012, with Welsh State Bank in the amount of \$444,450 with a interest rate of 3.02% for the purchase of a rock crusher. Monthly payments of \$7,992 for 60 months. Payments are to be made from the Road Fund.	389,021
 Total Long-term liabilities	 \$ 894,021

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

Compensated Absences

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2012:

<u>Years Ending December 31,</u>	<u>Bonds</u>	<u>Leases</u>	<u>Total</u>
2013	\$ 44,429	\$ 95,908	\$ 140,337
2014	44,429	95,908	140,337
2015	44,429	95,908	140,337
2016	44,429	95,908	140,337
2017	44,429	31,970	76,399
2018 through 2022	222,145		222,145
2023 through 2027	222,145		222,145
Total Obligations	666,435	415,602	1,082,037
Less Interest	161,435	26,581	188,016
Total Principal	<u>\$ 505,000</u>	<u>\$ 389,021</u>	<u>\$ 894,021</u>

Reappraisal Contract

The County entered into a contract dated December 7, 2012 with Total Assessment Solutions Corporation for reappraisal services. Terms of the contract require monthly payments of \$26,347 beginning January 1, 2013 for a period of five years. The County is obligated for the following amounts:

<u>Year</u>	<u>Amount</u>
2013	\$ 316,164
2014	316,164
2015	316,164
2016	316,164
2017	316,164
Total	<u>\$ 1,580,820</u>

Reappraisal expense for 2012 was \$378,324.

NOTE 10: Prior Year Restatement

General Fund prior year fund balance was reduced by \$71,019, to eliminate the accrual of the January General turnback funds. Road Fund prior year fund balance was reduced by \$105,596 to eliminate the accrual of the January Road turnback funds. Other Funds in the Aggregate prior year fund balance was reduced by \$11,333, to eliminate \$1,956 and \$9,377 accruals of state aid and property tax relief funds in the Boating Safety Fund and Assessor's Amendment no. 79 Fund, respectively.

NOTE 11: Pledged Revenues

The County pledged future airport revenues to repay \$505,000 in bonds that were issued in 2012 to provide funding for refunding airport debt and improvements. Total principal and interest remaining on the bonds are \$505,000 and \$161,435, respectively, payable through October 10, 2027. Airport hangar revenue for 2012 was \$107,937. No principal or interest payments were made in 2012.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 12: Jointly Governed Organization

The Ozark Mountain 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. Baxter County paid Nabors Landfill \$15,198 during 2012.

The Quorum Court passed Ordinance no. 2010-18 (March 2, 2010) adopting an interlocal Alliance Agreement between the City of Mountain Home, 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, 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.

On November 5, 2013, the Quorum Court passed Ordinance no. 2012-66 to repeal Ordinance no. 2010-18 in which the County would withdraw from the membership and participation in the Nabors Interlocal Alliance.

NOTE 13: 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. 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 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 \$2,500 deductible per occurrence.

NOTE 14: 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.

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012

NOTE 15: Interfund Transfers

The General Fund transferred \$447,657 to the Road Fund for operations. The Road Fund and Other Funds in the Aggregate (Boating Safety and CRMS 911 Board) transferred \$63,330, \$6,141, and \$1,245, respectively, to the General Fund for reimbursement of expenditures. The Other Funds in the Aggregate (Special Jail Fee) transferred \$152,731 to the General Fund for reimbursement of jail expenditures. The Other Funds in the Aggregate transfers between funds were as follows: Airport Fund transferred \$52,844 to the Airport Revenue Bond Debt Service Fund for debt service payments and the Airport Revenue Bond Debt Service Fund transferred \$21,993 to the Airport Fund in connection with the Airport Refunding Bond Issue.

NOTE 16: 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, 2012
Aeroquip Corporation	83-97	10/1/1993	\$ 7,200,000	\$ 7,200,000
Baxter County Regional Hospital	99-33	5/1/1999	79,845,000	60,415,000
Baxter Regional Medical Center	12-79	10/1/2012	6,500,000	5,810,000
Totals			<u>\$ 93,545,000</u>	<u>\$ 73,425,000</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.

NOTE 17: Debt Refunding

On October 11, 2012, the County issued an Airport Revenue Refunding and Improvement Bond in the amount of \$505,000 with an interest rate of 3.85%. Bond proceeds of \$370,225 and \$43,114 from the County Airport Fund (for a total of \$413,339) were remitted to the bond holder to advance refund the 2001 Airport Revenue Bond dated December 18, 2001, with an interest rate of 5 percent. Also, bond proceeds of \$93,170 were remitted to the holder of a \$150,000 promissory note dated March 14, 2008, with an interest rate of 4.5 percent. The remaining bond proceeds of \$25,001 (after the payment of \$16,604 of net bond issuance cost) will be used to establish a bond reserve fund.

NOTE 18: Subsequent Events

On September 10, 2013, the General Fund purchased a building with approximately 4,900 square feet of space for \$220,000. This building will be used in part for the 911 Emergency Center and other county offices.

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

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
ASSETS								
Cash and cash equivalents	\$ 322,585	\$ 55,243	\$ 29,717	\$ 29,300	\$ 434,843	\$ 9,492	\$ 52,695	\$ 6,027
Accounts receivable	29,053				25,328	1,133		
TOTAL ASSETS	\$ 351,638	\$ 55,243	\$ 29,717	\$ 29,300	\$ 460,171	\$ 10,625	\$ 52,695	\$ 6,027
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 6,809	\$ 2,020		\$ 399	\$ 10,016		\$ 152	\$ 212
Settlements pending								
Total Liabilities	6,809	2,020		399	10,016		152	212
Fund Balances:								
Restricted	344,829	53,223	\$ 29,717	28,901	450,155	\$ 10,625	52,543	5,815
Unassigned								
Total Fund Balances	344,829	53,223	29,717	28,901	450,155	10,625	52,543	5,815
TOTAL LIABILITIES AND FUND BALANCES	\$ 351,638	\$ 55,243	\$ 29,717	\$ 29,300	\$ 460,171	\$ 10,625	\$ 52,695	\$ 6,027

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

Schedule 1

	SPECIAL REVENUE FUNDS							
	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES) / Homeland Security	Assessor's Amendment no. 79	Sheriff's Grant	Library Board	Juvenile Grant
ASSETS								
Cash and cash equivalents	\$ 492,733	\$ 45,246	\$ 123,440	\$ 7,448	\$ 53,660	\$ 307	\$ 554,885	\$ (724)
Accounts receivable		7,876					43,694	
TOTAL ASSETS	\$ 492,733	\$ 53,122	\$ 123,440	\$ 7,448	\$ 53,660	\$ 307	\$ 598,579	\$ (724)
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 95					\$ 24,846	\$ 6
Settlements pending								
Total Liabilities		95					24,846	6
Fund Balances:								
Restricted	\$ 492,733	53,027	\$ 123,440	\$ 7,448	\$ 53,660	\$ 307	573,733	
Unassigned								(730)
Total Fund Balances	492,733	53,027	123,440	7,448	53,660	307	573,733	(730)
TOTAL LIABILITIES AND FUND BALANCES	\$ 492,733	\$ 53,122	\$ 123,440	\$ 7,448	\$ 53,660	\$ 307	\$ 598,579	\$ (724)

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

Schedule 1

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	AGENCY FUNDS					Totals
	Juvenile Probation Fee	Airport	Airport Revenue Bond	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County and Circuit Clerk's Accounts	Juvenile Probation Account	
ASSETS									
Cash and cash equivalents	\$ 39,157	\$ 126,490	\$ 36,107	\$ 48,100	\$ 144,499	\$ 206,734	\$ 241,248	\$ 2,717	\$ 3,061,949
Accounts receivable		41,995							149,079
TOTAL ASSETS	<u>\$ 39,157</u>	<u>\$ 168,485</u>	<u>\$ 36,107</u>	<u>\$ 48,100</u>	<u>\$ 144,499</u>	<u>\$ 206,734</u>	<u>\$ 241,248</u>	<u>\$ 2,717</u>	<u>\$ 3,211,028</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1,439	\$ 33,845							\$ 79,839
Settlements pending				\$ 48,100	\$ 144,499	\$ 206,734	\$ 241,248	\$ 2,717	643,298
Total Liabilities	<u>1,439</u>	<u>33,845</u>		<u>48,100</u>	<u>144,499</u>	<u>206,734</u>	<u>241,248</u>	<u>2,717</u>	<u>723,137</u>
Fund Balances:									
Restricted	37,718	134,640	\$ 36,107						2,488,621
Unassigned									(730)
Total Fund Balances	<u>37,718</u>	<u>134,640</u>	<u>36,107</u>						<u>2,487,891</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,157</u>	<u>\$ 168,485</u>	<u>\$ 36,107</u>	<u>\$ 48,100</u>	<u>\$ 144,499</u>	<u>\$ 206,734</u>	<u>\$ 241,248</u>	<u>\$ 2,717</u>	<u>\$ 3,211,028</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, 2012

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	Grant
REVENUES									
State aid		\$ 2,747	\$ 15,084						
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs		21,354		\$ 2,888					
Interest	\$ 4,594	624	301	308	\$ 4,222	\$ 11	\$ 596	\$ 55	
Officers' fees	375,286					31,715	7,982		
911 fees					395,353				
School district contributions									\$ 1,283
Hangar fees									
Donations									
Local fees									
Treasurer's commission								32,255	
Collector's commission									
Other	25	47		12,719	5,030				
TOTAL REVENUES	379,905	24,772	15,385	15,915	404,605	31,726	8,578	32,310	1,283
Less: Treasurer's commission	7,621	585	308	318	8,779		172		
NET REVENUES	372,284	24,187	15,077	15,597	395,826	31,726	8,406	32,310	1,283
EXPENDITURES									
Current:									
General government	546,625						4,724	36,994	
Law enforcement		35,105	12,267	13,428		29,308			4,730
Public safety					347,985				
Recreation and culture									
Airport									
Total Current	546,625	35,105	12,267	13,428	347,985	29,308	4,724	36,994	4,730
Debt Service:									
Bond principal									
Bond interest and other charges									
Note principal									
Note interest									
TOTAL EXPENDITURES	546,625	35,105	12,267	13,428	347,985	29,308	4,724	36,994	4,730

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, 2012

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	Grant
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (174,341)	\$ (10,918)	\$ 2,810	\$ 2,169	\$ 47,841	\$ 2,418	\$ 3,682	\$ (4,684)	\$ (3,447)
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out			(6,141)		(1,245)				
Sale of property									
Bond proceeds									
Bond issuance cost									
Early retirement of bonds									
Early retirement of note									
TOTAL OTHER FINANCING SOURCES (USES)			(6,141)		(1,245)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(174,341)	(10,918)	(3,331)	2,169	46,596	2,418	3,682	(4,684)	(3,447)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	519,170	64,141	35,004	26,732	403,559	8,207	48,861	10,499	3,447
Restatement adjustment			(1,956)						
FUND BALANCES - JANUARY 1, AS RESTATED	519,170	64,141	33,048	26,732	403,559	8,207	48,861	10,499	3,447
FUND BALANCES - DECEMBER 31	\$ 344,829	\$ 53,223	\$ 29,717	\$ 28,901	\$ 450,155	\$ 10,625	\$ 52,543	\$ 5,815	\$ 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, 2012

Schedule 2

SPECIAL REVENUE FUNDS								
	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES) / Homeland Security	Assessor's Amendment no. 79	Sheriff's Grant	Library Board	Juvenile Grant
REVENUES								
State aid				\$ 4,200	\$ 9,377		\$ 191,021	\$ 26,829
Federal aid				199,823				10,795
Property taxes							558,287	
Sales taxes								
Fines, forfeitures, and costs		\$ 145,721	\$ 13,871				91,775	
Interest	\$ 4,652	687	1,285	39	593		2,962	
Officers' fees								
911 fees								
School district contributions								
Hangar fees								
Donations							159,583	
Local fees								
Treasurer's commission								
Collector's commission	108,081							
Other							18,422	
TOTAL REVENUES	112,733	146,408	15,156	204,062	9,970		1,022,050	37,624
Less: Treasurer's commission	93	3,030	338	1	199		5,860	
NET REVENUES	112,640	143,378	14,818	204,061	9,771		1,016,190	37,624
EXPENDITURES								
Current:								
General government	43,463					1,115		
Law enforcement		19,070	256					38,297
Public safety				207,533				
Recreation and culture							1,057,767	
Airport								
Total Current	43,463	19,070	256	207,533	1,115		1,057,767	38,297
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								
Note interest								
TOTAL EXPENDITURES	43,463	19,070	256	207,533	1,115		1,057,767	38,297

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, 2012

Schedule 2

	SPECIAL REVENUE FUNDS							
	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES) / Homeland Security	Assessor's Amendment no. 79	Sheriff's Grant	Library Board	Juvenile Grant
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 69,177	\$ 124,308	\$ 14,562	\$ (3,472)	\$ 8,656		\$ (41,577)	\$ (673)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out		(152,731)						
Sale of property							100,000	
Bond proceeds								
Bond issuance cost								
Early retirement of bonds								
Early retirement of note								
TOTAL OTHER FINANCING SOURCES (USES)		(152,731)					100,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	69,177	(28,423)	14,562	(3,472)	8,656		58,423	(673)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	423,556	81,450	108,878	10,920	54,381	\$ 307	515,310	(57)
Restatement adjustment					(9,377)			
FUND BALANCES - JANUARY 1, AS RESTATED	423,556	81,450	108,878	10,920	45,004	307	515,310	(57)
FUND BALANCES - DECEMBER 31	\$ 492,733	\$ 53,027	\$ 123,440	\$ 7,448	\$ 53,660	\$ 307	\$ 573,733	\$ (730)

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, 2012

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUND</u>	
	Juvenile Probation Fee	Airport	Airport Revenue Bond	Totals
REVENUES				
State aid		\$ 121,749		\$ 371,007
Federal aid		259,542		470,160
Property taxes				558,287
Sales taxes		5,325		5,325
Fines, forfeitures, and costs	\$ 17,821			293,430
Interest	393	24	\$ 219	21,565
Officers' fees				414,983
911 fees				395,353
School district contributions				1,283
Hangar fees		107,937		107,937
Donations				159,583
Local fees		15,160		15,160
Treasurer's commission				32,255
Collector's commission				108,081
Other		22,992	151	59,386
	<u>18,214</u>	<u>532,729</u>	<u>370</u>	<u>3,013,795</u>
TOTAL REVENUES				
Less: Treasurer's commission	424			27,728
	<u>17,790</u>	<u>532,729</u>	<u>370</u>	<u>2,986,067</u>
NET REVENUES				
EXPENDITURES				
Current:				
General government				632,921
Law enforcement	10,734			163,195
Public safety				555,518
Recreation and culture				1,057,767
Airport		625,621		625,621
Total Current	10,734	625,621		3,035,022
Debt Service:				
Bond principal			33,819	33,819
Bond interest and other charges			21,831	21,831
Note principal		11,689		11,689
Note interest		2,966		2,966
	<u>10,734</u>	<u>640,276</u>	<u>55,650</u>	<u>3,105,327</u>
TOTAL EXPENDITURES				

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, 2012

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUND</u>	
	Juvenile Probation Fee	Airport	Airport Revenue Bond	Totals
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 7,056</u>	<u>\$ (107,547)</u>	<u>\$ (55,280)</u>	<u>\$ (119,260)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		21,993	52,844	74,837
Transfers out		(52,844)	(21,993)	(234,954)
Sale of property				100,000
Bond proceeds		93,322	411,678	505,000
Bond issuance cost			(16,604)	(16,604)
Early retirement of bonds			(413,339)	(413,339)
Early retirement of note		(93,170)		(93,170)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(30,699)</u>	<u>12,586</u>	<u>(78,230)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>7,056</u>	<u>(138,246)</u>	<u>(42,694)</u>	<u>(197,490)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	30,662	272,886	78,801	2,696,714
Restatement adjustment				(11,333)
FUND BALANCES - JANUARY 1, AS RESTATED	<u>30,662</u>	<u>272,886</u>	<u>78,801</u>	<u>2,685,381</u>
FUND BALANCES - DECEMBER 31	<u>\$ 37,718</u>	<u>\$ 134,640</u>	<u>\$ 36,107</u>	<u>\$ 2,487,891</u>

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2012

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 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated record keeping system.
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 10% 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, 12-41-505 allows a county to levy an additional fine not to exceed \$20 and authorizes the collection of a \$20 booking and administration fee. 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 1% 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 Ark. Const. amendment no. 79.

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2012

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

Fund Name	Fund Description
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 Fee	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.
Airport Revenue Bond	Baxter County Ordinance no. 2012-59 (September 6, 2012) established fund to receive airport revenues and make principal and interest payments on revenue bonds. Airport revenues are pledged for the Airport Revenue Refund Bond.

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 Arkansas Supreme Court, and delinquent taxes not yet distributed to the various taxing units.

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

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

Juvenile Probation account consists primarily of probation fees awaiting disposition to County.

BAXTER COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2012
(Unaudited)

Schedule 3

	<u>December 31, 2012</u>
Land	\$ 10,686,883
Buildings	2,928,390
Equipment	<u>10,941,513</u>
Total	<u>\$ 24,556,786</u>

BAXTER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2012
(Unaudited)

Schedule 4

<u>General</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Assets	\$ 4,177,061	\$ 3,312,641	\$ 3,252,489	\$ 4,712,135	\$ 3,177,266
Total Liabilities	878,885	864,884	899,576	2,000,900	771,579
Total Fund Balances	3,298,176	2,447,757	2,352,913	2,711,235	2,405,687
Net Revenues	7,995,142	7,438,740	7,038,750	12,032,003	7,708,314
Total Expenditures	6,849,494	6,871,467	6,968,386	11,307,557	6,927,953
Total Other Financing Sources/Uses	(224,210)	(445,589)	(428,686)	(418,898)	(285,558)
 <u>Road</u>					
Total Assets	\$ 901,521	\$ 972,095	\$ 778,399	\$ 885,601	\$ 925,968
Total Liabilities	28,933	43,365	43,217	92,005	40,253
Total Fund Balances	872,588	928,730	735,182	793,596	885,715
Net Revenues	2,986,614	3,048,046	2,952,384	3,229,282	3,488,563
Total Expenditures	3,321,487	3,655,696	3,503,804	3,764,601	3,514,450
Total Other Financing Sources/Uses	384,327	801,198	493,006	443,200	314,501
 <u>Other Funds in the Aggregate</u>					
Total Assets	\$ 3,211,028	\$ 3,482,776	\$ 4,626,456	\$ 4,126,408	\$ 3,933,594
Total Liabilities	723,137	786,062	836,018	857,897	860,132
Total Fund Balances	2,487,891	2,696,714	3,790,438	3,268,511	3,073,462
Net Revenues	2,986,067	3,029,372	3,768,071	3,942,069	4,955,700
Total Expenditures	3,105,327	3,894,327	3,480,108	3,722,718	4,796,000
Total Other Financing Sources/Uses	(78,230)	(255,609)	233,964	(24,302)	(15,443)