

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

December 31, 2013

LEGISLATIVE JOINT AUDITING COMMITTEE



BAXTER COUNTY, ARKANSAS
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Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
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Rep. John W. Walker
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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, 2013, 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; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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, 2013, 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.

Qualified Opinions 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, 2013, 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 October 9, 2014 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
October 9, 2014
LOCO00313

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, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2014. 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.

2013-1 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 finding 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 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 2013:

County Judge: Mickey Pendergrass
Treasurer: Jenay Mize
Sheriff: John Montgomery
Tax Collector: Willa Mae Tilley
County and Circuit Clerk: Canda Reese
Airport Manager: Kathy Frederick
County Librarian: Gwen Khayat

Our audit procedures indicated that the Offices of **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 Offices of **County Judge, Sheriff, and Airport Manager**.

County Judge

The County sold two pieces of equipment for \$58,300 without the equipment being appraised by the County Assessor and without soliciting bids for the sale of the equipment, as required by Ark. Code Ann. § 14-16-105.

Sheriff

The Sheriff's Commissary and Circuit Court bank accounts were not properly reconciled, as required by Ark. Code Ann. § 14-25-107, and the ending balances were not properly identified.

Commissary Fund bank statements did not include the backs of imaged checks, as required by Ark. Code Ann. § 19-2-506.

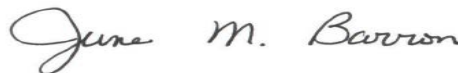
Airport Manager

The County Airport conducted business with the Chairman of the Airport Commission for bush hog and tractor rental services costing \$2,550. An ordinance specifically authorizing an official to perform these services was not adopted by the Quorum Court prior to these payments, as required by Ark. Code Ann. § 14-14-1202.

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
October 9, 2014

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2013

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,073,693	\$ 1,562,912	\$ 3,459,180
Deposits with paying agent			11,107
Accounts receivable	428,228	72,655	141,932
TOTAL ASSETS	\$ 3,501,921	\$ 1,635,567	\$ 3,612,219
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 98,326	\$ 58,664	\$ 137,110
Settlements pending	723,058		591,480
Total Liabilities	821,384	58,664	728,590
Fund Balances:			
Restricted		1,576,903	2,790,906
Committed	414,909		
Assigned	1,047,667		92,723
Unassigned	1,217,961		
Total Fund Balances	2,680,537	1,576,903	2,883,629
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,501,921	\$ 1,635,567	\$ 3,612,219

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, 2013

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 780,851	\$ 1,617,461	\$ 241,814
Federal aid	25,199	285,914	136,279
Property taxes	526,887	1,149,327	551,029
Sales taxes	3,439,879		4,533
Fines, forfeitures, and costs	465,677		212,082
Interest	29,840	7,501	18,262
Officers' fees	108,647		439,299
Jail fees	147,724		
911 fees			424,605
Hangar fees			108,650
Donations			225,464
Local fees			30,433
Treasurer's commission	117,368		43,517
Collector's commission	304,914		105,647
Taxes apportioned - Assessor's salary and expense	427,100		
Other	422,932	29,477	151,146
	<u>6,797,018</u>	<u>3,089,680</u>	<u>2,692,760</u>
TOTAL REVENUES			
Less: Treasurer's commission	60,340	31,963	16,656
	<u>6,736,678</u>	<u>3,057,717</u>	<u>2,676,104</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	2,341,012		453,273
Law enforcement	3,756,746		121,384
Highways and streets	31,401	2,878,282	
Public safety	697,368		411,365
Health	24,698		
Recreation and culture	3,500		1,061,393
Social services	101,076		
Airport	57,115		162,723
Total Current	<u>7,012,916</u>	<u>2,878,282</u>	<u>2,210,138</u>
Debt Service:			
Bond principal			25,905
Bond interest and other charges			18,524
Lease principal		104,822	
Lease interest		8,946	
	<u>7,012,916</u>	<u>2,992,050</u>	<u>2,254,567</u>
TOTAL EXPENDITURES			

BAXTER COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (276,238)</u>	<u>\$ 65,667</u>	<u>\$ 421,537</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	171,618	420,296	142,373
Transfers out	(513,019)	(53,096)	(168,172)
Sale of property		<u>271,448</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(341,401)</u>	<u>638,648</u>	<u>(25,799)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(617,639)	704,315	395,738
FUND BALANCES - JANUARY 1	<u>3,298,176</u>	<u>872,588</u>	<u>2,487,891</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,680,537</u></u>	<u><u>\$ 1,576,903</u></u>	<u><u>\$ 2,883,629</u></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, 2013

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 608,190	\$ 780,851	\$ 172,661	\$ 1,433,000	\$ 1,617,461	\$ 184,461
Federal aid		25,199	25,199	261,000	285,914	24,914
Property taxes	490,840	526,887	36,047	1,049,843	1,149,327	99,484
Sales taxes	3,200,000	3,439,879	239,879			
Fines, forfeitures, and costs	324,000	465,677	141,677			
Interest	20,667	29,840	9,173	3,250	7,501	4,251
Officers' fees	92,900	108,647	15,747			
Jail fees	167,750	147,724	(20,026)			
Treasurer's commission	366,000	117,368	(248,632)			
Collector's commission	889,000	304,914	(584,086)			
Taxes apportioned - Assessor's salary and expense	500,000	427,100	(72,900)			
Other	337,825	422,932	85,107	97,200	29,477	(67,723)
TOTAL REVENUES	6,997,172	6,797,018	(200,154)	2,844,293	3,089,680	245,387
Less: Treasurer's commission		60,340	(60,340)		31,963	(31,963)
NET REVENUES	6,997,172	6,736,678	(260,494)	2,844,293	3,057,717	213,424
EXPENDITURES						
Current:						
General government	3,714,417	2,341,012	1,373,405			
Law enforcement	3,625,649	3,756,746	(131,097)			
Highways and streets		31,401	(31,401)	3,699,904	2,878,282	821,622
Public safety	408,164	697,368	(289,204)			
Health	30,683	24,698	5,985			
Recreation and culture		3,500	(3,500)			
Social services	2,679	101,076	(98,397)			
Airport	60,247	57,115	3,132			
Total Current	7,841,839	7,012,916	828,923	3,699,904	2,878,282	821,622
Debt Service:						
Lease principal					104,822	(104,822)
Lease interest					8,946	(8,946)
TOTAL EXPENDITURES	7,841,839	7,012,916	828,923	3,699,904	2,992,050	707,854

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, 2013

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (844,667)	\$ (276,238)	\$ 568,429	\$ (855,611)	\$ 65,667	\$ 921,278
OTHER FINANCING SOURCES (USES)						
Transfers in	101,400	171,618	70,218	418,852	420,296	1,444
Transfers out	(431,645)	(513,019)	(81,374)		(53,096)	(53,096)
Sale of property					271,448	271,448
TOTAL OTHER FINANCING SOURCES (USES)	(330,245)	(341,401)	(11,156)	418,852	638,648	219,796
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,174,912)	(617,639)	557,273	(436,759)	704,315	1,141,074
FUND BALANCES - JANUARY 1	1,800,000	3,298,176	1,498,176	430,000	872,588	442,588
FUND BALANCES - DECEMBER 31	\$ 625,088	\$ 2,680,537	\$ 2,055,449	\$ (6,759)	\$ 1,576,903	\$ 1,583,662

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, Baxter County Nursing Home, Animal Control, Hospital Lease, 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: Drug Court Program, Assessor's Amendment no. 79, Boating Safety, Child Support Cost, CMRS 911 Board (Commercial Mobile Radio Service), Circuit Clerk Commission Fee, Collector's Automation, Communication Facility and Equipment, County Clerk's Cost, Special Jail Fee, County Recorder's Cost, Court Automation, Office of Emergency Services (OES)/ Homeland Security, Juvenile Probation Fee, Public Defender, Sheriff's Special, Sheriff's Grant, Treasurer's Automation, Juvenile Grant, Library Board, and Airport.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Fund is reported with other funds in the aggregate: Health Unit Building.

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.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Regulatory Fund Accounting (Continued)

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). 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 Court, Commissary, and Seizure); County and Circuit Clerk (Fee and Trust); Juvenile Probation (Fee).

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 generally 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. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. 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. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes, but are neither restricted nor committed.
4. 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.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 operating funds except for the Communications Facility and Equipment Fund and the Sheriff's Drug account, which is a part of the General Fund.

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.

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.

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2013 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Property taxes	\$ 8,998	\$ 38,575	
Sales taxes	278,031		\$ 610
Fines, forfeitures, and costs	29,855		745
Officers' fees	7,023		25,572
Jail fees	3,950		8,843
911 fees			18,100
Hangar fees			4,471
Local fees			6,833
Other	100,371	965	76,758
Treasurer's commission charged		33,115	
Totals	<u>\$ 428,228</u>	<u>\$ 72,655</u>	<u>\$ 141,932</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2013 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 98,326</u>	<u>\$ 58,664</u>	<u>\$ 137,110</u>

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, 2013, the legal debt limit for bonded debt was \$63,917,829. 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, 2013, the legal debt limit for short-term financing obligations was \$16,771,586. The amount of short-term financing obligations was \$284,199 leaving a legal debt margin of \$16,487,387.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2013 are composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds in the Aggregate</u>
<u>Fund Balances</u>			
Restricted for:			
General government			\$ 1,105,460
Law enforcement			348,322
Highways and streets		\$ 1,576,903	
Public safety			532,373
Recreation and culture			579,449
Airport			189,195
Debt service			36,107
Total Restricted		<u>1,576,903</u>	<u>2,790,906</u>
Committed for:			
General government	\$ 412,805		
Law enforcement	2,104		
Total Committed	<u>414,909</u>		
Assigned to:			
General government	1,047,667		
Capital projects			92,723
Total Assigned	<u>1,047,667</u>		<u>92,723</u>
Unassigned	<u>1,217,961</u>		
Totals	<u>\$ 2,680,537</u>	<u>\$ 1,576,903</u>	<u>\$ 2,883,629</u>

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2013:

	<u>December 31, 2013</u>
Long-term liabilities	\$ 763,294
Reappraisal contract	<u>1,264,656</u>
Total Commitments	<u>\$ 2,027,950</u>

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2013 are comprised of the following:

	December 31, <u>2013</u>
Bonded indebtedness, dated October 11, 2012, titled Baxter County, Arkansas Airport Refunding and Improvement Bond, Series 2012, in the amount of \$505,000 with an 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.	\$ 479,095
Lease-purchase agreement dated April 23, 2012, with Welsh State Bank in the amount of \$444,450 with an 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.	<u>284,199</u>
Total Long-term liabilities	<u>\$ 763,294</u>

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.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2013:

Years Ending December 31,	Bonds	Leases	Total
2014	\$ 44,429	\$ 285,844	\$ 330,273
2015	44,429		44,429
2016	44,429		44,429
2017	44,429		44,429
2018	44,429		44,429
2019 through 2023	222,145		222,145
2024 through 2027	177,716		177,716
Total Obligations	622,006	285,844	907,850
Less Interest	142,911	1,645	144,556
Total Principal	\$ 479,095	\$ 284,199	\$ 763,294

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:

Year	December 31, 2013
2014	\$ 316,164
2015	316,164
2016	316,164
2017	316,164
Total	\$ 1,264,656

Reappraisal expense for 2013 was \$ 316,164.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 9: Interfund Transfers

The General Fund transferred \$420,296 to the Road Fund for operations and \$92,723 to Other Funds in the Aggregate (Health Unit Building Fund) for the construction of a new Health Unit Building. The Road Fund and Other Funds in the Aggregate (CRMS 911 Board Fund) transferred \$53,096 and \$1,488, respectively, to the General Fund for reimbursement of expenditures. The Other Funds in the Aggregate (Special Jail Fee Fund) transferred \$117,034 to the General Fund for reimbursement of jail expenditures. The Other Funds in the Aggregate transfers between funds were as follows: Airport Fund transferred \$44,429 to the Airport Revenue Bond Debt Service Fund for debt service payments, County Recorder's Cost Fund transferred \$4,491 to County Clerk's Cost Fund to place revenues in proper fund, and the Juvenile Probation Fee Fund transferred \$730 to the Juvenile Grant Fund for reimbursement of expenditures.

NOTE 10: 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 \$479,095 and \$142,911, respectively, payable through October 10, 2027. For 2013, principal and interest paid were \$25,905 and \$18,524, respectively. Airport hangar revenue for 2013 was \$108,650.

NOTE 11: Jointly Governed Organizations

Fourteenth Judicial Drug Task Force

The Prosecuting Attorney of the Fourteenth Judicial District, the Sheriff's Departments of Baxter, Boone, Marion, and Newton Counties, and the Police Departments of Harrison and Mountain Home entered into an agreement to establish the Fourteenth Judicial Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fourteenth Judicial District. Financial statements of the Fourteenth Judicial Drug Task Force are not available.

Ozark Mountain Solid Waste District, d/b/a Nabors Landfill and Hauling

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 made no payments to the Ozark Mountain Solid Waste District during 2013.

NOTE 12: 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 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.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 12: Risk Management (Continued)

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 13: 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, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

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. The County's contributions to the plan for the year ended December 31, 2013 were \$660,524.

NOTE 14: 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, 2013
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	57,705,000
Baxter Regional Medical Center	12-79	10/1/2012	6,500,000	5,565,000
Totals			<u>\$ 93,545,000</u>	<u>\$ 70,470,000</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, 2013

Schedule 1

SPECIAL REVENUE FUNDS

	Drug Court Program	Assessor's Amendment no. 79	Boating Safety	Child Support Cost	CMRS 911 Board (Commercial Mobile Radio Service)	Circuit Clerk Commission Fee	Collector's Automation	Communication Facility and Equipment	County Clerk's Cost
ASSETS									
Cash and cash equivalents	\$ 500	\$ 45,406	\$ 35,961	\$ 55,492	\$ 508,394	\$ 998	\$ 567,605	\$ 11,091	\$ 4,538
Deposits with paying agent									
Accounts receivable		17,966	83	289	22,440	626	48	1,349	36
TOTAL ASSETS	\$ 500	\$ 63,372	\$ 36,044	\$ 55,781	\$ 530,834	\$ 1,624	\$ 567,653	\$ 12,440	\$ 4,574
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 18,755		\$ 43	\$ 5,957		\$ 6,140		
Settlements pending									
Total Liabilities		18,755		43	5,957		6,140		
Fund Balances:									
Restricted	\$ 500	44,617	\$ 36,044	55,738	524,877	\$ 1,624	561,513	\$ 12,440	\$ 4,574
Assigned									
Total Fund Balances	500	44,617	36,044	55,738	524,877	1,624	561,513	12,440	4,574
TOTAL LIABILITIES AND FUND BALANCES	\$ 500	\$ 63,372	\$ 36,044	\$ 55,781	\$ 530,834	\$ 1,624	\$ 567,653	\$ 12,440	\$ 4,574

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2013

Schedule 1

SPECIAL REVENUE FUNDS

	Special Jail Fee	County Recorder's Cost	Court Automation	Office of Emergency Services (OES)/Homeland Security	Juvenile Probation Fee	Public Defender	Sheriff's Special	Sheriff's Grant	Treasurer's Automation
ASSETS									
Cash and cash equivalents	\$ 86,172	\$ 392,301	\$ 136,034	\$ 7,495	\$ 37,819	\$ 66,988	\$ 30,662	\$ 307	\$ 20,183
Deposits with paying agent									
Accounts receivable	10,310	28,574	631	1	188	436	189		
TOTAL ASSETS	\$ 96,482	\$ 420,875	\$ 136,665	\$ 7,496	\$ 38,007	\$ 67,424	\$ 30,851	\$ 307	\$ 20,183
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 67,890	\$ 3,664			\$ 464	\$ 1,827	\$ 217		
Settlements pending									
Total Liabilities	67,890	3,664			464	1,827	217		
Fund Balances:									
Restricted	28,592	417,211	\$ 136,665	\$ 7,496	37,543	65,597	30,634	\$ 307	\$ 20,183
Assigned									
Total Fund Balances	28,592	417,211	136,665	7,496	37,543	65,597	30,634	307	20,183
TOTAL LIABILITIES AND FUND BALANCES	\$ 96,482	\$ 420,875	\$ 136,665	\$ 7,496	\$ 38,007	\$ 67,424	\$ 30,851	\$ 307	\$ 20,183

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2013

Schedule 1

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>AGENCY FUNDS</u>					<u>Totals</u>
	<u>Library Board</u>	<u>Airport</u>	<u>Health Unit Building</u>	<u>Airport Revenue Bond</u>	<u>Treasurer's Accounts</u>	<u>Collector's Accounts</u>	<u>Sheriff's Accounts</u>	<u>County and Circuit Clerk's Accounts</u>	<u>Juvenile Probation Account</u>	
ASSETS										
Cash and cash equivalents	\$ 564,749	\$ 177,282	\$ 92,723	\$ 25,000	\$ 42,625	\$ 124,178	\$ 200,962	\$ 223,380	\$ 335	\$ 3,459,180
Deposits with paying agent				11,107						11,107
Accounts receivable	46,853	11,913								141,932
TOTAL ASSETS	<u>\$ 611,602</u>	<u>\$ 189,195</u>	<u>\$ 92,723</u>	<u>\$ 36,107</u>	<u>\$ 42,625</u>	<u>\$ 124,178</u>	<u>\$ 200,962</u>	<u>\$ 223,380</u>	<u>\$ 335</u>	<u>\$ 3,612,219</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 32,153									\$ 137,110
Settlements pending					\$ 42,625	\$ 124,178	\$ 200,962	\$ 223,380	\$ 335	591,480
Total Liabilities	<u>32,153</u>				<u>42,625</u>	<u>124,178</u>	<u>200,962</u>	<u>223,380</u>	<u>335</u>	<u>728,590</u>
Fund Balances:										
Restricted	579,449	\$ 189,195		\$ 36,107						2,790,906
Assigned			\$ 92,723							92,723
Total Fund Balances	<u>579,449</u>	<u>189,195</u>	<u>92,723</u>	<u>36,107</u>						<u>2,883,629</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 611,602</u>	<u>\$ 189,195</u>	<u>\$ 92,723</u>	<u>\$ 36,107</u>	<u>\$ 42,625</u>	<u>\$ 124,178</u>	<u>\$ 200,962</u>	<u>\$ 223,380</u>	<u>\$ 335</u>	<u>\$ 3,612,219</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, 2013

Schedule 2

	SPECIAL REVENUE FUNDS								
	Drug Court Program	Assessor's Amendment no. 79	Boating Safety	Child Support Cost	CMRS 911 Board (Commercial Mobile Radio Service)	Circuit Clerk Commission Fee	Collector's Automation	Communication Facility and Equipment	County Clerk's Cost
REVENUES									
State aid		\$ 7,110	\$ 7,995						
Federal aid	\$ 500								
Property taxes									
Sales taxes									
Fines, forfeitures, and costs									
Interest		589	337	\$ 592	\$ 4,575		\$ 4,824	\$ 3	\$ 2
Officers' fees				9,622		\$ 1,634		19,979	81
911 fees					424,605				
Hangar fees									
Donations									
Local fees									
Treasurer's commission		122	187	105	5,346		57		
Collector's commission							105,647		
Other		17,889			3,485			11,104	
TOTAL REVENUES	500	25,710	8,519	10,319	438,011	1,634	110,528	31,086	83
Less: Treasurer's commission		73	76	97	4,162	10	46		
NET REVENUES	500	25,637	8,443	10,222	433,849	1,624	110,482	31,086	83
EXPENDITURES									
Current:									
General government		34,680		7,027			41,702		
Law enforcement			2,116					29,271	
Public safety					357,639				
Recreation and culture									
Airport									
Total Current		34,680	2,116	7,027	357,639		41,702	29,271	
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES		34,680	2,116	7,027	357,639		41,702	29,271	

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, 2013

Schedule 2

	SPECIAL REVENUE FUNDS								
	Drug Court Program	Assessor's Amendment no. 79	Boating Safety	Child Support Cost	CMRS 911 Board (Commercial Mobile Radio Service)	Circuit Clerk Commission Fee	Collector's Automation	Communication Facility and Equipment	County Clerk's Cost
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 500	\$ (9,043)	\$ 6,327	\$ 3,195	\$ 76,210	\$ 1,624	\$ 68,780	\$ 1,815	\$ 83
OTHER FINANCING SOURCES (USES)									
Transfers in									4,491
Transfers out					(1,488)				
TOTAL OTHER FINANCING SOURCES (USES)					(1,488)				4,491
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	500	(9,043)	6,327	3,195	74,722	1,624	68,780	1,815	4,574
FUND BALANCES - JANUARY 1,		53,660	29,717	52,543	450,155		492,733	10,625	
FUND BALANCES - DECEMBER 31	\$ 500	\$ 44,617	\$ 36,044	\$ 55,738	\$ 524,877	\$ 1,624	\$ 561,513	\$ 12,440	\$ 4,574

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, 2013

Schedule 2

	SPECIAL REVENUE FUNDS								
	Special Jail Fee	County Recorder's Cost	Court Automation	Office of Emergency Services (OES)/Homeland Security	Juvenile Probation Fee	Public Defender	Sheriff's Special	Sheriff's Grant	Treasurer's Automation
REVENUES									
State aid									
Federal aid				\$ 53,720					
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	\$ 135,483		\$ 11,795			\$ 30,534			
Interest	626	\$ 3,652	1,343	55	\$ 421	606	\$ 303		\$ 50
Officers' fees		391,780			16,203				
911 fees									
Hangar fees									
Donations									
Local fees									
Treasurer's commission	1,845	4,641	206		258	356	194		30,200
Collector's commission									
Other	6	34,601			2,198	2,779	7,295		10
TOTAL REVENUES	137,960	434,674	13,344	53,775	19,080	34,275	7,792		30,260
Less: Treasurer's commission	1,284	3,829	119	1	179	324	62		
NET REVENUES	136,676	430,845	13,225	53,774	18,901	33,951	7,730		30,260
EXPENDITURES									
Current:									
General government		353,972							15,892
Law enforcement	44,077				18,346	21,577	5,997		
Public safety				53,726					
Recreation and culture									
Airport									
Total Current	44,077	353,972		53,726	18,346	21,577	5,997		15,892
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES	44,077	353,972		53,726	18,346	21,577	5,997		15,892

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, 2013

Schedule 2

	SPECIAL REVENUE FUNDS								
	Special Jail Fee	County Recorder's Cost	Court Automation	Office of Emergency Services (OES)/Homeland Security	Juvenile Probation Fee	Public Defender	Sheriff's Special	Sheriff's Grant	Treasurer's Automation
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 92,599	\$ 76,873	\$ 13,225	\$ 48	\$ 555	\$ 12,374	\$ 1,733		\$ 14,368
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out	(117,034)	(4,491)			(730)				
TOTAL OTHER FINANCING SOURCES (USES)	(117,034)	(4,491)			(730)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(24,435)	72,382	13,225	48	(175)	12,374	1,733		14,368
FUND BALANCES - JANUARY 1,	53,027	344,829	123,440	7,448	37,718	53,223	28,901	\$ 307	5,815
FUND BALANCES - DECEMBER 31	<u>\$ 28,592</u>	<u>\$ 417,211</u>	<u>\$ 136,665</u>	<u>\$ 7,496</u>	<u>\$ 37,543</u>	<u>\$ 65,597</u>	<u>\$ 30,634</u>	<u>\$ 307</u>	<u>\$ 20,183</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, 2013

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	Totals
	Juvenile Grant	Library Board	Airport	Health Unit Building	Airport Revenue Bond	
REVENUES						
State aid		\$ 190,677	\$ 36,032			\$ 241,814
Federal aid			82,059			136,279
Property taxes		551,029				551,029
Sales taxes			4,533			4,533
Fines, forfeitures, and costs		34,270				212,082
Interest		284				18,262
Officers' fees						439,299
911 fees						424,605
Hangar fees			108,650			108,650
Donations		225,464				225,464
Local fees			30,433			30,433
Treasurer's commission						43,517
Collector's commission						105,647
Other		71,779				151,146
TOTAL REVENUES		1,073,503	261,707			2,692,760
Less: Treasurer's commission		6,394				16,656
NET REVENUES		1,067,109	261,707			2,676,104
EXPENDITURES						
Current:						
General government						453,273
Law enforcement						121,384
Public safety						411,365
Recreation and culture		1,061,393				1,061,393
Airport			162,723			162,723
Total Current		1,061,393	162,723			2,210,138
Debt Service:						
Bond principal					\$ 25,905	25,905
Bond interest and other charges					18,524	18,524
TOTAL EXPENDITURES		1,061,393	162,723		44,429	2,254,567

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, 2013

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>Totals</u>
	<u>Juvenile Grant</u>	<u>Library Board</u>	<u>Airport</u>	<u>Health Unit Building</u>	<u>Airport Revenue Bond</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		\$ 5,716	\$ 98,984		\$ (44,429)	\$ 421,537
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 730			\$ 92,723	44,429	142,373
Transfers out			(44,429)			(168,172)
TOTAL OTHER FINANCING SOURCES (USES)	730		(44,429)	92,723	44,429	(25,799)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	730	5,716	54,555	92,723		395,738
FUND BALANCES - JANUARY 1,	(730)	573,733	134,640		36,107	2,487,891
FUND BALANCES - DECEMBER 31	\$ 0	\$ 579,449	\$ 189,195	\$ 92,723	\$ 36,107	\$ 2,883,629

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2013

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

Fund Name	Fund Description
Drug Court Program	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
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 costs of administering Arkansas Constitution, Amendment no. 79.
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.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's Office.
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.
Circuit Clerk Commission Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as Commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expenses of the office of Circuit Clerk.
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.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
County Clerk's Cost	Ark. Code Ann. § 16-20-407 established fund to account for a \$2 marriage license fee to be used for operation of the County Clerk's Office.
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.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by Circuit Clerks to be used to purchase, maintain, and operate automated records system.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees to be used solely for district court-related technology.
Office of Emergency Services (OES)/Homeland Security	Fund established to account for grants received from Arkansas Department of Emergency Management for the purpose of purchasing equipment.
Juvenile Probation Fee	Ark. Code Ann. § 16-13-326 established fund to receive juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.

BAXTER COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2013

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

Fund Name	Fund Description
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.
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.
Sheriff's Grant	Fund established to receive and disburse federal grant monies to purchase equipment for law enforcement. Fund is restricted by Grantor.
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 accounting and record keeping system.
Juvenile Grant	Fund established to receive and disburse state grant monies for the operations of the Juvenile Services Department. 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.
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.
Health Unit Building	Fund established to receive and disburse local and state grant monies for the construction of a new health unit building. Fund is restricted by Grantor.
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 delinquent taxes not yet distributed to the various taxing units.

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

County/Circuit Clerk's accounts consist primarily of 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, 2013
(Unaudited)

Schedule 3

	<u>December 31, 2013</u>
Land	\$ 10,686,883
Buildings	3,148,516
Equipment	<u>10,510,812</u>
Total	<u>\$ 24,346,211</u>

BAXTER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2013
(Unaudited)

Schedule 4

<u>General</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Assets	\$ 3,501,921	\$ 4,177,061	\$ 3,312,641	\$ 3,252,489	\$ 4,712,135
Total Liabilities	821,384	878,885	864,884	899,576	2,000,900
Total Fund Balances	2,680,537	3,298,176	2,447,757	2,352,913	2,711,235
Net Revenues	6,736,678	7,995,142	7,438,740	7,038,750	12,032,003
Total Expenditures	7,012,916	6,849,494	6,871,467	6,968,386	11,307,557
Total Other Financing Sources/Uses	(341,401)	(224,210)	(445,589)	(428,686)	(418,898)
<u>Road</u>					
Total Assets	\$ 1,635,567	\$ 901,521	\$ 972,095	\$ 778,399	\$ 885,601
Total Liabilities	58,664	28,933	43,365	43,217	92,005
Total Fund Balances	1,576,903	872,588	928,730	735,182	793,596
Net Revenues	3,057,717	2,986,614	3,048,046	2,952,384	3,229,282
Total Expenditures	2,992,050	3,321,487	3,655,696	3,503,804	3,764,601
Total Other Financing Sources/Uses	638,648	384,327	801,198	493,006	443,200
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 3,612,219	\$ 3,211,028	\$ 3,482,776	\$ 4,626,456	\$ 4,126,408
Total Liabilities	728,590	723,137	786,062	836,018	857,897
Total Fund Balances	2,883,629	2,487,891	2,696,714	3,790,438	3,268,511
Net Revenues	2,676,104	2,986,067	3,029,372	3,768,071	3,942,069
Total Expenditures	2,254,567	3,105,327	3,894,327	3,480,108	3,722,718
Total Other Financing Sources/Uses	(25,799)	(78,230)	(255,609)	233,964	(24,302)