

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

December 31, 2008

LEGISLATIVE JOINT AUDITING COMMITTEE



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Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
House Co-Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Baxter County, Arkansas, as of December 31, 2008, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2008, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and road fund for the year then ended on the basis of accounting as described in Note 1(C).

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements of Baxter County, Arkansas. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Baxter County, Arkansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects on the financial information in the supporting schedules of the omission described above, such information is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplementary information in the Schedule of Capital Assets required by the regulatory basis of presentation and the Schedule of Selected Information for the Last Five Years as listed in the table of contents as Schedules 3 and 4 are presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on these schedules.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Roger A. Norman". The signature is written in a cursive, flowing style.

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

Little Rock, Arkansas
December 3, 2009
LOCO00308

Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
House Co-Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

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

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2008, and have issued our report thereon dated December 3, 2009. We issued an adverse opinion because the County prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting as prescribed or permitted by Arkansas Code such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

2008-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as item 2008-1 to be a material weakness.

Compliance and Other Matters

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

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

Other Issues

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

The commentary contained in this section relates to the following officials that held office during 2008:

County Judge: Dan Hall
Treasurer: Nelda Speaks
Sheriff: John Montgomery
Tax Collector: Willa Mae Tilley
County and Circuit Clerk: Rhonda Porter
District Court Clerk: Linda Shaffer
Airport Manager: Keith English succeeded by Kathy Frederick on October 9, 2008
County Librarian: Gwen Khayat

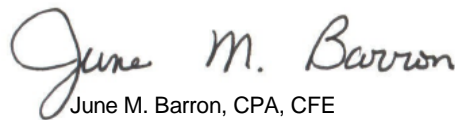
Our audit procedures indicated that the offices of **County Judge, Treasurer, Sheriff, Tax Collector, County and Circuit Clerk, District Court Clerk, and County Librarian** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices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

Airport Manager

The airport commission executed a loan agreement with a local financial institution for term in excess of ten years on March 14, 2008. In addition, the contract appears to convey a security interest in airport property. This loan agreement violates Ark. Const. amend. 78, § 2 which indicates short-term financing obligations of a county cannot exceed five years. Ark. Code Ann. § 14-357-105 and Op. Att'y Gen. no. 2009-024 also provide that an airport commission lacks authority to encumber an airport and its related properties and facilities.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, the federal awarding agencies and pass-through entities, if applicable, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Arkansas Code Annotated § 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 3, 2009

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008

Exhibit A

	General	Road	Other Funds In The Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,745,684	\$ 667,193	\$ 3,476,443
Accounts receivable	431,582	258,775	457,151
TOTAL ASSETS	\$ 3,177,266	\$ 925,968	\$ 3,933,594
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 175,181	\$ 40,253	\$ 263,177
Settlements pending	596,398		596,955
Total Liabilities	771,579	40,253	860,132
Fund Balances:			
Reserved (Note 8)		885,715	3,073,462
Unreserved:			
Undesignated	2,405,687		
Total Fund Balances	2,405,687	885,715	3,073,462
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,177,266	\$ 925,968	\$ 3,933,594

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, 2008

Exhibit B

	General	Road	Other Funds In The Aggregate
REVENUES			
State aid	\$ 996,869	\$ 1,601,397	\$ 494,946
Federal aid	53,785	792,024	1,385,534
Property taxes	442,051	921,048	438,996
Sales taxes	3,917,623		
Fines, forfeitures and costs	514,635		79,528
Interest	87,158	13,952	94,587
Officers' fees	232,623		475,334
School district contributions			766,715
Hospital lease	156,831		443,169
911 fees			359,182
Jail fees	163,117		
Treasurer's commission	77,390		29,386
Collector's commission	253,777		85,207
Taxes apportioned - Assessor's salary and expense	544,843		
Other	314,425	179,695	322,476
 TOTAL REVENUES	 7,755,127	 3,508,116	 4,975,060
 Less: Treasurer's commission	 46,813	 19,553	 19,360
 NET REVENUES	 7,708,314	 3,488,563	 4,955,700

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Exhibit B

	General	Road	Other Funds In The Aggregate
EXPENDITURES			
Current:			
General government	\$ 2,605,791		\$ 590,250
Law enforcement	3,451,806		418,858
Highways and streets	23,674	\$ 3,345,643	
Public safety	648,028		372,818
Airport	98,312		1,198,924
Health	45,320		
Recreation and culture	3,500		877,184
Social services	51,522		
Education			825,109
Total Current	6,927,953	3,345,643	4,283,143
Debt Service:			
Bond principal			382,825
Bond interest and other charges			117,632
Note principal			7,609
Note interest			4,791
Lease principal		157,586	
Lease interest		11,221	
TOTAL EXPENDITURES	6,927,953	3,514,450	4,796,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	780,361	(25,887)	159,700

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds In The Aggregate</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 138,298	\$ 408,856	\$ 228,707
Transfers out	(423,856)	(94,355)	(257,650)
Refund of advanced airport hangar rent			(136,500)
Note proceeds			150,000
	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(285,558)</u>	<u>314,501</u>	<u>(15,443)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	494,803	288,614	144,257
FUND BALANCES - JANUARY 1	<u>1,910,884</u>	<u>597,101</u>	<u>2,929,205</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,405,687</u>	<u>\$ 885,715</u>	<u>\$ 3,073,462</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, 2008

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 580,497	\$ 996,869	\$ 416,372	\$ 1,440,900	\$ 1,601,397	\$ 160,497
Federal aid	39,016	53,785	14,769	287,593	792,024	504,431
Property taxes	428,985	442,051	13,066	889,325	921,048	31,723
Sales taxes	3,622,500	3,917,623	295,123			
Fines, forfeitures and costs	420,455	514,635	94,180			
Interest	46,295	87,158	40,863	14,800	13,952	(848)
Officers' fees	203,880	232,623	28,743			
Hospital lease	156,831	156,831				
Jail fees	109,500	163,117	53,617			
Treasurer's commission	245,000	77,390	(167,610)			
Collector's commission	675,000	253,777	(421,223)			
Taxes apportioned - Assessor's salary and expense	394,000	544,843	150,843			
Other	793,446	314,425	(479,021)	338,750	179,695	(159,055)
TOTAL REVENUES	7,715,405	7,755,127	39,722	2,971,368	3,508,116	536,748
Less: Treasurer's commission	124,500	46,813	77,687	51,800	19,553	32,247
NET REVENUES	7,590,905	7,708,314	117,409	2,919,568	3,488,563	568,995
EXPENDITURES						
Current:						
General government	2,992,395	2,605,791	386,604			
Law enforcement	3,379,896	3,451,806	(71,910)			
Highways and streets		23,674	(23,674)	3,613,726	3,345,643	268,083
Public safety	643,410	648,028	(4,618)			
Airport	105,434	98,312	7,122			
Health	39,177	45,320	(6,143)			

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, 2008

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)						
Current: (Continued)						
Recreation and culture	\$ 3,500	\$ 3,500				
Social services	54,351	51,522	\$ 2,829			
Total Current	<u>7,218,163</u>	<u>6,927,953</u>	<u>290,210</u>	<u>\$ 3,613,726</u>	<u>\$ 3,345,643</u>	<u>\$ 268,083</u>
Debt Service:						
Lease principal					157,586	(157,586)
Lease interest					11,221	(11,221)
TOTAL EXPENDITURES	<u>7,218,163</u>	<u>6,927,953</u>	<u>290,210</u>	<u>3,613,726</u>	<u>3,514,450</u>	<u>99,276</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>372,742</u>	<u>780,361</u>	<u>407,619</u>	<u>(694,158)</u>	<u>(25,887)</u>	<u>668,271</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		138,298	138,298	407,070	408,856	1,786
Transfers out	(443,070)	(423,856)	19,214		(94,355)	(94,355)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(443,070)</u>	<u>(285,558)</u>	<u>157,512</u>	<u>407,070</u>	<u>314,501</u>	<u>(92,569)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(70,328)</u>	<u>494,803</u>	<u>565,131</u>	<u>(287,088)</u>	<u>288,614</u>	<u>575,702</u>
FUND BALANCES - JANUARY 1	<u>1,455,000</u>	<u>1,910,884</u>	<u>455,884</u>	<u>312,000</u>	<u>597,101</u>	<u>285,101</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,384,672</u>	<u>\$ 2,405,687</u>	<u>\$ 1,021,015</u>	<u>\$ 24,912</u>	<u>\$ 885,715</u>	<u>\$ 860,803</u>

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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 fund; notes to financial statements; and a supplemental schedule of capital assets.

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

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

General Fund - The General Fund is the primary operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Animal Control, Juvenile Probation Fees and Sheriff's Drug.

Road Fund - The Road Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintaining and constructing County roads.

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following Special Revenue Funds are reported with other funds in the aggregate: Public Defender, Child Support Cost, Boating Safety, Sheriff's Special, Communication Facility and Equipment (Sheriff's Radio), CMRS 911 Board (Commercial Mobile Radio Service), County Recorder's Cost, Treasurer's Automation, Wolf House, Grant, Collector's Automation, Special Jail Fee, Court Automation, Office of Emergency Services (OES)/Homeland Security, Assessor Amendment No. 79, Airport Grant, Sheriff's Grant, Library Board and Airport.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The following Capital Projects Fund is reported with other funds in the aggregate: Jail Construction.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The following Debt Service Funds are reported with other funds in the aggregate: County Jail and Ozark Regional Airport.

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, Collector's Unapportioned Interest and Law Library), Collector's (Current Tax and Delinquent Tax), Sheriff's (Fee, Bond and Fine, Circuit Bond, Commissary and Seizure), County and Circuit Clerk's (Trust and Fee), District Court (County and Court Probation) and Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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 sixty (60) days of the end of the current period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance

1. Reserved Fund Balance indicates that portion of fund balance that is not appropriable for expenditure or is legally segregated for a specific future use.
2. Undesignated Fund Balance indicates that portion of fund balance not reserved or designated.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 10.

F. Budget Law

1. Legal Requirements

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

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund and the other Special Revenue Funds except for the Communication Facility and Equipment (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, 2008

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

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The County deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2008 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 47,862	\$ 172,938	\$ 38,133
Federal aid		20,886	173,443
Property taxes	4,822	30,691	13,215
Sales taxes	287,322		
Fines, forfeitures and costs	26,299		
Officers' fees	4,774		28,249
Hospital lease	20,938		129,062
Jail fees	39,565		
911 fees			40,186
Other		34,260	34,863
Totals	\$ 431,582	\$ 258,775	\$ 457,151

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2008 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 140,454	\$ 25,906	\$ 249,419
Payroll taxes payable	34,727	14,347	13,758
Totals	\$ 175,181	\$ 40,253	\$ 263,177

NOTE 6: Legal Debt Limit

A. Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to ten percent (10%) of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2008, the legal debt limit for bonded debt was \$55,465,267. There were no property tax secured bond issues.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6: Legal Debt Limit (Continued)

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to two and one half percent (2.5%) of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2008, the legal debt limit for short-term financing obligations was \$14,568,468. The amount of short-term financing obligations was \$338,382 leaving a legal debt margin of \$14,230,086.

NOTE 7: Federal Funds Program Compliance

The Federal Aviation Administration Airport Construction, Homeland Security and Federal Emergency Management Agency Disaster Relief grants and reimbursements were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. At the report date, however, the County has contracted for the audit of these funds, and it is currently being conducted.

Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the County.

NOTE 8: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2008
	\$ 885,715
<u>Road</u>	
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
Public Defender	\$ 71,551
Child Support Cost	36,251
Boating Safety	3,270
Sheriff's Special	26,510
Communication Facility and Equipment (Sheriff's Radio)	2,972
CMRS 911 Board (Commercial Mobile Radio Service)	367,871
County Recorder's Cost	781,100
Treasurer's Automation	18,355
Wolf House	5,600
Grant	29,453
Collector's Automation	252,127
Special Jail Fee	26,611
Court Automation	82,022
Office of Emergency Services (OES)/Homeland Security	2,181
Assessor Amendment No. 79	21,062

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 8: Reserved Fund Balance (Continued)

	December 31, 2008
<u>Other Funds in the Aggregate</u> (Continued)	
Special Revenue Funds: (Continued)	
Airport Grant	\$ 148,217
Sheriff's Grant	33,596
Library Board	199,629
Airport	116,347
Total Special Revenue	2,224,725
Debt Service Funds:	
Ozark Regional Airport	77,445
County Jail	771,292
Total Debt Service	848,737
Total Other Funds in the Aggregate	\$ 3,073,462

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2008:

	December 31, 2008
Long-Term Debt	\$ 2,482,343
Noncancellable Lease	7,910
Construction Contract	151,832
Reappraisal Contract	431,535
Total Commitments	\$ 3,073,620

Long-Term Debt

Long-Term Debt at December 31, 2008 is comprised of the following:

	December 31, 2008
Bonded indebtedness dated March 15, 2002 entitled Baxter County, Arkansas Capital Improvement Hospital Lease Revenue Bonds (Jail Expansion Project) in the amount of \$3,240,000. These bonds were issued for the purpose of acquiring, constructing, and equipping and expansion of the County Jail. These bonds shall be payable from the hospital lease revenue received by the County. Interest rates are 2.9%-4.7%. Payments are to be made from the County Jail Debt Service Fund.	\$ 1,605,000

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 9: Commitments (Continued)

Long-Term Debt (Continued)

	December 31, 2008
Bonded indebtedness dated December 18, 2001 entitled Baxter County, Arkansas Airport Revenue Bonds in the amount of \$701,000 with interest rate of 5%. These bonds were issued for the purpose of refunding the lease-purchase contract for the airport hangars and the construction of additional hangars. The bonds shall be payable from the airport hangar revenues. Payments are made from the Ozark Regional Airport Debt Service Fund.	\$ 538,961
Lease-purchase agreement dated June 16, 2006 with Caterpillar Financial Services Corporation in the amount of \$141,000, with interest rate of 5.19% for the purchase of a motor grader. Monthly payments of \$1,156 for 36 months with a final payment of \$121,151. Payments are to be made from the Road Fund.	123,999
Lease-purchase agreement on September 25, 2006 with Scott Services in the amount of \$124,000 with interest rate of 4.98% for the purchase of a wheel loader. Monthly payments are \$2,339 for 60 months. Payments are to be made from the Road Fund.	71,992
Promissory note dated March 14, 2008 with First Security Bank in the amount of \$150,000 with interest rate of 4.5% for the purchase of airport hangars. Monthly payments of \$1,550 for 119 months with a balloon payment of \$5,249. Payments are to be made from the Airport Fund.	142,391
Total Long-Term Debt	\$ 2,482,343

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, 2008:

Years Ending December 31,	Bonds	Notes	Leases	Total
2009	\$ 498,774	\$ 17,090	\$ 154,974	\$ 670,838
2010	507,495	18,600	28,066	554,161
2011	504,720	18,600	21,050	544,370
2012	505,860	18,600		524,460
2013	55,650	18,600		74,250
2014 through 2018	278,248	84,259		362,507
2019 through 2022	184,619			184,619
Total Obligations	2,535,366	175,749	204,090	2,915,205
Less Interest	391,405	33,358	8,099	432,862
Total Principal	\$ 2,143,961	\$ 142,391	\$ 195,991	\$ 2,482,343

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 9: Commitments (Continued)

Noncancellable Lease

The County entered into a noncancellable lease agreement for a vehicle on June 28, 2007. Terms of the lease are monthly rental payments of \$465 for 36 months. At the end of the lease term, the County intends to return the vehicle to the lessor. The County is obligated for the following amounts for the next two years:

<u>Year</u>	<u>December 31, 2008</u>
2009	\$ 5,583
2010	<u>2,327</u>
Total	<u>\$ 7,910</u>

Rental expense for 2008 was \$5,583.

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2008:

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance December 31, 2008</u>
Airport Construction	June 1, 2009	<u>\$ 151,832</u>

Reappraisal Contract

On February 13, 2007 the County entered into a contract with Mack-Reynolds Appraisal Company, Inc. for reappraisal services. Terms of the contract require \$33,195 monthly payments for 36 months. The first payment was due on February 15, 2007 with subsequent payments due on the 15th of each month thereafter. The County is obligated for the following amounts for the next two years.

<u>Year</u>	<u>Amount</u>
2009	\$ 398,340
2010	<u>33,195</u>
Total	<u>\$ 431,535</u>

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 10: Revenue Bond Issues

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

Corporation	Ordinance Authorizing Issuance	Date of Issuance	Original Amount of Bonds Issued	Bonds Outstanding as of December 31, 2008
Aeroquip Corporation	83-97	10-1-93	\$ 7,200,000	\$ 7,200,000
Baxter County Regional Hospital	99-33	5-1-99	79,845,000	69,275,000
Totals			<u>\$ 87,045,000</u>	<u>\$ 76,475,000</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$408,856 and \$15,000 to the Road Fund and Other Funds in the Aggregate (Wolf House Fund), respectively, for operations. The Road Fund and Other Funds in the Aggregate (Grant Fund and CMRS 911 Board Fund) transferred \$94,355 and \$43,943, respectively to the General Fund for operations. The Other Funds in the Aggregate transfers between funds were as follows: Grant Fund transferred \$6,819 and \$146,891 to the OES/Homeland Security Fund and the Airport Grant Fund, respectively, in order to separately account for grant fund expenditures; the Jail Construction Capital Projects Fund and Airport Fund transferred \$4,347 and \$55,650 to the County Jail Debt Service Fund and Ozark Regional Airport Debt Service Fund, respectively, for the balance of unexpended funds and debt service payments.

NOTE 12: Jointly Governed Organization

Baxter County paid the Northwest Arkansas Regional Solid Waste District d/b/a Nabors Hauling and Landfill \$10,838 during 2008. This District 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.

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. 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 \$2,000 of the aggregate cost for all expenses on each lawsuit.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 13: 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 \$1,000 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.

NOTE 15: Pledged Revenue

The County has pledged future hospital lease revenue to repay \$3,240,000 in bonds that were issued in 2002 to finance the construction of a jail. Total principal and interest remaining on the bonds is \$1,605,000 and \$189,250 respectively, payable through June 2012. For the current year, principal and interest paid and total hospital lease revenues were \$355,000, \$88,212 and \$600,000, respectively.

The County has pledged future airport hangar revenue to repay \$701,000 in bonds that were issued in 2001 to finance the construction of airport hangars. Total principal and interest remaining on the bonds is \$538,961 and \$202,155, respectively, payable through December 2022. For the current year, principal and interest paid and total airport hangar revenues were \$27,825, \$27,824 and \$91,664, respectively.

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 1

	SPECIAL REVENUE FUNDS									
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff's Radio)	CMRS 911 Board (Commercial Mobile Radio Service)	County Recorder's Cost	Treasurer's Automation	Wolf House	Grant
ASSETS										
Cash and cash equivalents	\$ 78,279	\$ 36,486	\$ 1,558	\$ 26,510	\$ 4,998	\$ 333,454	\$ 763,666	\$ 18,597	\$ 5,627	\$ 19,645
Accounts receivable			2,081		2,129	44,129	33,961			23,473
TOTAL ASSETS	\$ 78,279	\$ 36,486	\$ 3,639	\$ 26,510	\$ 7,127	\$ 377,583	\$ 797,627	\$ 18,597	\$ 5,627	\$ 43,118
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 6,728	\$ 235	\$ 369		\$ 4,155	\$ 9,712	\$ 16,527	\$ 242	\$ 27	\$ 13,665
Settlements pending										
Total Liabilities	6,728	235	369		4,155	9,712	16,527	242	27	13,665
Fund Balances:										
Reserved	71,551	36,251	3,270	\$ 26,510	2,972	367,871	781,100	18,355	5,600	29,453
TOTAL LIABILITIES AND FUND BALANCES	\$ 78,279	\$ 36,486	\$ 3,639	\$ 26,510	\$ 7,127	\$ 377,583	\$ 797,627	\$ 18,597	\$ 5,627	\$ 43,118

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 1

SPECIAL REVENUE FUNDS

	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/ Homeland Security	Assessor Amendment No. 79	Airport Grant	Sheriff's Grant	Library Board	Airport
ASSETS									
Cash and cash equivalents	\$ 252,127	\$ 31,302	\$ 82,022	\$ 3,185	\$ 21,062	\$ 148,217	\$ 33,596	\$ 190,860	\$ 108,622
Accounts receivable				22,321				22,411	177,584
TOTAL ASSETS	\$ 252,127	\$ 31,302	\$ 82,022	\$ 25,506	\$ 21,062	\$ 148,217	\$ 33,596	\$ 213,271	\$ 286,206
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 4,691		\$ 23,325				\$ 13,642	\$ 169,859
Settlements pending									
Total Liabilities		4,691		23,325				13,642	169,859
Fund Balances:									
Reserved	\$ 252,127	26,611	\$ 82,022	2,181	\$ 21,062	\$ 148,217	\$ 33,596	199,629	116,347
TOTAL LIABILITIES AND FUND BALANCES	\$ 252,127	\$ 31,302	\$ 82,022	\$ 25,506	\$ 21,062	\$ 148,217	\$ 33,596	\$ 213,271	\$ 286,206

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 1

	DEBT SERVICE FUNDS		AGENCY FUNDS						Totals
	County Jail	Ozark Regional Airport	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/ Circuit Clerk's Accounts	District Court's Accounts	Juvenile Probation Accounts	
ASSETS									
Cash and cash equivalents	\$ 642,230	\$ 77,445	\$ 56,341	\$ 89,308	\$ 202,155	\$ 162,465	\$ 84,053	\$ 2,633	\$ 3,476,443
Accounts receivable	129,062								457,151
TOTAL ASSETS	<u>\$ 771,292</u>	<u>\$ 77,445</u>	<u>\$ 56,341</u>	<u>\$ 89,308</u>	<u>\$ 202,155</u>	<u>\$ 162,465</u>	<u>\$ 84,053</u>	<u>\$ 2,633</u>	<u>\$ 3,933,594</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 263,177
Settlements pending			\$ 56,341	\$ 89,308	\$ 202,155	\$ 162,465	\$ 84,053	\$ 2,633	596,955
Total Liabilities			<u>56,341</u>	<u>89,308</u>	<u>202,155</u>	<u>162,465</u>	<u>84,053</u>	<u>2,633</u>	<u>860,132</u>
Fund Balances:									
Reserved	\$ 771,292	\$ 77,445							3,073,462
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 771,292</u>	<u>\$ 77,445</u>	<u>\$ 56,341</u>	<u>\$ 89,308</u>	<u>\$ 202,155</u>	<u>\$ 162,465</u>	<u>\$ 84,053</u>	<u>\$ 2,633</u>	<u>\$ 3,933,594</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, 2008

Schedule 2

	SPECIAL REVENUE FUNDS									
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff's Radio)	CMRS 911 Board (Commercial Mobile Radio Service)	County Recorder's Cost	Treasurer's Automation	Wolf House	Grant
REVENUES										
State aid	\$ 2,865		\$ 18,317						\$ 93,231	\$ 144,398
Federal aid										
Property taxes										
Fines, forfeitures and costs	25,386			\$ 3,395						
Interest	2,720	\$ 1,312	340	875	\$ 36	\$ 10,836	\$ 29,039	\$ 600	470	3,419
Officers' fees		6,555					448,544			
School district contributions					20,235					766,715
Hospital lease										
911 fees						359,182				
Treasurer's commission							29,386			
Collector's commission										
Other	592	112	669	4,710	16,421	5,327	4,829		17	8,945
TOTAL REVENUES	31,563	7,979	19,326	8,980	36,692	375,345	482,412	29,986	93,718	923,477
Less: Treasurer's commission	619	158	341	177		2,250	3,272		9	5,561
NET REVENUES	30,944	7,821	18,985	8,803	36,692	373,095	479,140	29,986	93,709	917,916
EXPENDITURES										
Current:										
General government		3,416								
Law enforcement	32,707		21,792	3,183	41,621		499,835	29,626		138,974
Public safety						290,004				8,430
Recreation and culture									139,623	
Airport										
Education										825,109
Total Current	32,707	3,416	21,792	3,183	41,621	290,004	499,835	29,626	139,623	972,513

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, 2008

Schedule 2

	SPECIAL REVENUE FUNDS									
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff's Radio)	CMRS 911 Board (Commercial Mobile Radio Service)	County Recorder's Cost	Treasurer's Automation	Wolf House	Grant
EXPENDITURES (Continued)										
Debt Service:										
Bond principal										
Bond interest and other charges										
Note principal										
Note interest										
TOTAL EXPENDITURES	\$ 32,707	\$ 3,416	\$ 21,792	\$ 3,183	\$ 41,621	\$ 290,004	\$ 499,835	\$ 29,626	\$ 139,623	\$ 972,513
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,763)	4,405	(2,807)	5,620	(4,929)	83,091	(20,695)	360	(45,914)	(54,597)
OTHER FINANCING SOURCES (USES)										
Transfers in									15,000	
Transfers out						(181)				(197,472)
Refund of advanced airport hangar rent										
Note proceeds										
TOTAL OTHER FINANCING SOURCES (USES)						(181)			15,000	(197,472)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,763)	4,405	(2,807)	5,620	(4,929)	82,910	(20,695)	360	(30,914)	(252,069)
FUND BALANCES - JANUARY 1	73,314	31,846	6,077	20,890	7,901	284,961	801,795	17,995	36,514	281,522
FUND BALANCES - DECEMBER 31	\$ 71,551	\$ 36,251	\$ 3,270	\$ 26,510	\$ 2,972	\$ 367,871	\$ 781,100	\$ 18,355	\$ 5,600	\$ 29,453

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, 2008

Schedule 2

	SPECIAL REVENUE FUNDS								CAPITAL	DEBT		Totals	
	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/ Homeland Security	Assessor Amendment No. 79	Airport Grant	Sheriff's Grant	Library Board	Airport	Jail Construction	County Jail		Ozark Regional Airport
REVENUES													
State aid				\$ 27,927	\$ 20,145			\$ 188,063					\$ 494,946
Federal aid				41,323		\$ 38,103	\$ 195,087		\$ 1,111,021				1,385,534
Property taxes								438,996					438,996
Fines, forfeitures and costs													79,528
Interest	\$ 6,295	\$ 35,030	\$ 15,717	506	981	4,167		3,517	1,411	\$ 13	\$ 23,356	\$ 1,351	94,587
Officers' fees													475,334
School district contributions													766,715
Hospital lease											443,169		443,169
911 fees													359,182
Treasurer's commission													29,386
Collector's commission	85,207												85,207
Other	78	333	276		217			156,760	123,190				322,476
TOTAL REVENUES	91,580	36,030	18,669	69,756	21,343	42,270	195,087	787,336	1,235,622	13	466,525	1,351	4,975,060
Less: Treasurer's commission	126	713	369	10	423	83		5,249					19,360
NET REVENUES	91,454	35,317	18,300	69,746	20,920	42,187	195,087	782,087	1,235,622	13	466,525	1,351	4,955,700
EXPENDITURES													
Current:													
General government	48,031				9,342								590,250
Law enforcement		19,090					161,491						418,858
Public safety				74,384									372,818
Recreation and culture								737,561					877,184
Airport						40,861			1,158,063				1,198,924
Education													825,109
Total Current	48,031	19,090		74,384	9,342	40,861	161,491	737,561	1,158,063				4,283,143

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, 2008

Schedule 2

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS		Totals	
	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES)/ Homeland Security	Assessor Amendment No. 79	Airport Grant	Sheriff's Grant	Library Board	Airport	Jail Construction	County Jail		Ozark Regional Airport
EXPENDITURES (Continued)													
Debt Service:													
Bond principal											\$ 355,000	\$ 27,825	
Bond interest and other charges											89,808	27,824	
Note principal								\$ 7,609					
Note interest								4,791					
TOTAL EXPENDITURES	\$ 48,031	\$ 19,090		\$ 74,384	\$ 9,342	\$ 40,861	\$ 161,491	\$ 737,561	1,170,463		444,808	55,649	4,796,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,423	16,227	\$ 18,300	(4,638)	11,578	1,326	33,596	44,526	65,159	\$ 13	21,717	(54,298)	159,700
OTHER FINANCING SOURCES (USES)													
Transfers in				6,819		146,891					4,347	55,650	228,707
Transfers out								(55,650)	(4,347)				(257,650)
Refund of advanced airport hangar rent								(136,500)					(136,500)
Note proceeds								150,000					150,000
TOTAL OTHER FINANCING SOURCES (USES)				6,819		146,891		(42,150)	(4,347)		4,347	55,650	(15,443)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	43,423	16,227	18,300	2,181	11,578	148,217	33,596	23,009	(4,334)		26,064	1,352	144,257
FUND BALANCES - JANUARY 1	208,704	10,384	63,722		9,484			155,103	93,338	4,334	745,228	76,093	2,929,205
FUND BALANCES - DECEMBER 31	\$ 252,127	\$ 26,611	\$ 82,022	\$ 2,181	\$ 21,062	\$ 148,217	\$ 33,596	\$ 199,629	\$ 116,347	\$ 0	\$ 771,292	\$ 77,445	\$ 3,073,462

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2008

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.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
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.
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.
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.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
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.
Wolf House	Fund established to receive and disburse state and federal grant monies for the renovation of historical building located in the County known as the Wolf House. Fund is restricted by the donor.
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 allows a county to levy an additional fine, not to exceed \$5. 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.

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2008

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

Fund Name	Fund Description
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. Fund is restricted by Grantor.
Assessor Amendment No. 79	Ark. Code Ann. § 26-26-310 provides that one percent (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 Arkansas Constitution, Amendment No. 79.
Airport Grant	Fund established to receive and disburse federal grant monies related to the Airport. Fund is restricted by Grantor.
Sheriff's Grant	Fund established to receive and disburse federal grant monies related to the Law Enforcement Center. 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 was established by court order dated March 16, 1978 to receive federal grants, state grants and operating revenues to be used for the operation of the Ozark Regional Airport.
Jail Construction	County Ordinance No. 2002-27 established fund to receive revenue bonds proceeds for the construction of a new county jail.
County Jail	County Ordinance No. 2002-27 established fund to maintain 10% of revenue bond proceeds in reserve and to make principal and interest payments on revenue bonds (Hospital Lease Revenue).
Ozark Regional Airport	2001 revenue bond issue established fund to receive airport revenues and make principal and interest payments on revenue bonds.

Treasurer's accounts consist primarily of property taxes, Treasurer's Commission and interest not yet distributed to the appropriate entities.

Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.

Sheriff's accounts consist primarily of fees, fines, costs and restitution not yet distributed to the appropriate entities.

County/Circuit Clerk's accounts consist primarily of trust money awaiting disposition by the applicable court.

District Court accounts consist primarily of fines and costs not yet distributed to the county and/or state.

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

BAXTER COUNTY, ARKANSAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2008
(Unaudited)

Schedule 3

	<u>December 31, 2008</u>
Land and buildings	\$ 10,760,550
Improvements	2,893,323
Equipment	<u>10,252,356</u>
Total	<u>\$ 23,906,229</u>

BAXTER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2008
(Unaudited)

Schedule 4

<u>General</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Assets	\$ 3,177,266	\$ 2,510,824	\$ 3,078,144	\$ 3,238,454	\$ 3,472,915
Total Liabilities	771,579	599,940	547,724	522,097	469,119
Total Fund Balances	2,405,687	1,910,884	2,530,420	2,716,357	3,003,796
Net Revenues	7,708,314	6,924,276	6,447,265	6,005,903	5,672,280
Total Expenditures	6,927,953	6,840,902	6,043,216	5,637,026	5,241,823
 <u>Road</u>					
Total Assets	925,968	610,392	477,453	758,672	405,330
Total Liabilities	40,253	13,291	10,850	10,041	
Total Fund Balances	885,715	597,101	466,603	748,631	405,330
Net Revenues	3,488,563	2,894,401	2,511,654	3,130,299	2,468,679
Total Expenditures	3,514,450	3,711,502	3,095,071	3,414,896	3,004,255
 <u>Other Funds in the Aggregate</u>					
Total Assets	3,933,594	3,703,451	4,047,508	3,074,277	3,245,767
Total Liabilities	860,132	774,246	1,066,871	632,031	517,342
Total Fund Balances	3,073,462	2,929,205	2,980,637	2,442,246	2,728,425
Net Revenues	4,955,700	3,915,023	4,336,454	3,349,258	2,808,133
Total Expenditures	4,796,000	3,851,766	4,086,660	3,663,855	3,932,029

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