

Baxter County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2007

LEGISLATIVE JOINT AUDITING COMMITTEE



BAXTER COUNTY, ARKANSAS
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Senate Co-Chair
Rep. J R Rogers
House Co-Chair
Sen. Bobby L. Glover
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Rep. Johnny Hoyt
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, 2007, 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, 2007, 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, 2007, 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 November 13, 2008 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 Schedules 1 and 2 of the omissions 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 listed in the table of contents as Schedule 3 is required by the regulatory basis of presentation and is presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on the Schedule of Capital Assets.

DIVISION OF LEGISLATIVE AUDIT

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

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

Little Rock, Arkansas
November 13, 2008
LOCO00307

Sen. Randy Laverty
Senate Co-Chair
Rep. J R Rogers
House Co-Chair
Sen. Bobby L. Glover
Senate Co-Vice Chair
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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, 2007, and have issued our report thereon dated November 13, 2008. We issued an adverse opinion because the County prepared the financial statements using accounting principles 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(B and 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 of 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 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 entity'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:

2007-1 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, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

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.

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*.

Other Issues

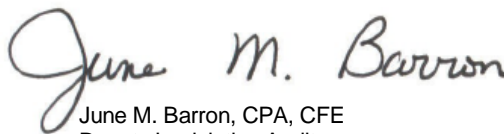
The commentary contained in this section relates to the following officials that held office during 2007:

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
County Librarian: Gwen Khayat
Airport Manager: Jack Marchbank succeeded by Scotty Smithwick on June 18, 2007;
succeeded by Keith English on December 4, 2007

Our audit procedures indicated that the Offices of **County Judge, Treasurer, Sheriff, Tax Collector, County and Circuit Clerk, District Court Clerk, Librarian** and **Airport Manager** were in substantial compliance with Arkansas fiscal and financial laws.

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
November 13, 2008

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2007

Exhibit A

	General	Road	Other Funds In The Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,510,824	\$ 610,392	\$ 3,703,451
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll taxes withheld	\$ 35,619	\$ 13,291	\$ 13,497
Settlements pending	564,321		760,749
Total Liabilities	599,940	13,291	774,246
Fund Balances:			
Reserved		597,101	2,929,205
Unreserved:			
Undesignated	1,910,884		
Total Fund Balances	1,910,884	597,101	2,929,205
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 2,510,824	 \$ 610,392	 \$ 3,703,451

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

BAXTER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	General	Road	Other Funds In The Aggregate
RECEIPTS			
State aid	\$ 934,806	\$ 1,442,143	\$ 304,687
Federal aid	38,128	214,775	880,900
Property taxes	410,110	859,439	410,662
Sales taxes	3,516,003		
Fines, forfeitures and costs	456,801		96,834
Interest	111,032	21,102	102,206
Officers' fees	219,949		364,808
Donations			16,509
Alternative school			703,359
Hospital lease	157,487		442,511
Jail fees	117,183		
911 fees			262,081
Treasurer's commission	79,039		28,715
Collector's commission	265,129		66,453
Taxes apportioned - Assessor's salary and expense	478,702		
Other	187,717	414,306	279,286
	6,972,086	2,951,765	3,959,011
TOTAL RECEIPTS			
Less: Treasurer's commission	47,810	57,364	43,988
	6,924,276	2,894,401	3,915,023
NET RECEIPTS			
DISBURSEMENTS			
Current:			
General government	2,300,292		1,304,084
Law enforcement	3,773,690		941,473
Highways and streets	65,059	3,519,010	
Public safety	581,738		349,133
Health	71,645		
Recreation and culture	3,500		756,700
Social services	44,978		
Total Current	6,840,902	3,519,010	3,351,390

BAXTER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	General	Road	Other Funds In The Aggregate
DISBURSEMENTS (Continued)			
Debt Service:			
Bond principal			\$ 366,496
Bond interest and other charges			133,880
Lease principal		\$ 171,603	
Lease interest		20,889	
TOTAL DISBURSEMENTS	\$ 6,840,902	3,711,502	3,851,766
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	83,374	(817,101)	63,257
OTHER FINANCING SOURCES (USES)			
Transfers in	371,584	995,900	114,086
Transfers out	(1,109,908)	(48,301)	(323,361)
Advanced airport hangar rent			130,000
TOTAL OTHER FINANCING SOURCES (USES)	(738,324)	947,599	(79,275)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(654,950)	130,498	(16,018)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,530,420	466,603	2,980,637
Restatement adjustment	35,414		(35,414)
FUND BALANCES - JANUARY 1, AS RESTATED	2,565,834	466,603	2,945,223
FUND BALANCES - DECEMBER 31	\$ 1,910,884	\$ 597,101	\$ 2,929,205

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

BAXTER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
State aid	\$ 892,992	\$ 934,806	\$ 41,814	\$ 1,551,000	\$ 1,442,143	\$ (108,857)
Federal aid	32,552	38,128	5,576	167,500	214,775	47,275
Property taxes	446,833	410,110	(36,723)	1,006,410	859,439	(146,971)
Sales taxes	3,525,500	3,516,003	(9,497)			
Fines, forfeitures and costs	422,560	456,801	34,241			
Interest	34,000	111,032	77,032	9,000	21,102	12,102
Officers' fees	193,000	219,949	26,949			
Hospital lease		157,487	157,487			
Jail fees		117,183	117,183			
Treasurer's commission	225,000	79,039	(145,961)			
Collector's commission	660,000	265,129	(394,871)			
Taxes apportioned - Assessor's salary and expense	375,000	478,702	103,702			
Other	428,280	187,717	(240,563)	346,500	414,306	67,806
TOTAL RECEIPTS	7,235,717	6,972,086	(263,631)	3,080,410	2,951,765	(128,645)
Less: Treasurer's commission		47,810	(47,810)		57,364	(57,364)
NET RECEIPTS	7,235,717	6,924,276	(311,441)	3,080,410	2,894,401	(186,009)
DISBURSEMENTS						
Current:						
General government	3,442,479	2,300,292	1,142,187			
Law enforcement	3,301,123	3,773,690	(472,567)			
Highways and streets		65,059	(65,059)	3,767,944	3,519,010	248,934
Public safety	530,549	581,738	(51,189)			
Health	38,891	71,645	(32,754)			
Recreation and culture	3,500	3,500				
Social services	52,276	44,978	7,298			
Total Current	7,368,818	6,840,902	527,916	3,767,944	3,519,010	248,934

BAXTER COUNTY, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
DISBURSEMENTS (Continued)						
Debt Service:						
Lease principal					\$ 171,603	\$ (171,603)
Lease interest					20,889	(20,889)
TOTAL DISBURSEMENTS	\$ 7,368,818	\$ 6,840,902	\$ 527,916	\$ 3,767,944	3,711,502	56,442
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(133,101)	83,374	216,475	(687,534)	(817,101)	(129,567)
OTHER FINANCING SOURCES (USES)						
Transfers in		371,584	371,584	268,765	995,900	727,135
Transfers out	(616,222)	(1,109,908)	(493,686)		(48,301)	(48,301)
TOTAL OTHER FINANCING SOURCES (USES)	(616,222)	(738,324)	(122,102)	268,765	947,599	678,834
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(749,323)	(654,950)	94,373	(418,769)	130,498	549,267
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,530,420	2,530,420		466,603	466,603	
Restatement adjustment		35,414	35,414			
FUND BALANCES - JANUARY 1, AS RESTATED	2,530,420	2,565,834	35,414	466,603	466,603	
FUND BALANCES - DECEMBER 31	\$ 1,781,097	\$ 1,910,884	\$ 129,787	\$ 47,834	\$ 597,101	\$ 549,267

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies

As discussed further in Note 1(B and C), these financial statements are presented in accordance with the regulatory basis of presentation and accounting as prescribed or permitted by Arkansas Code. This regulatory basis of presentation and accounting differs from accounting principles generally accepted in the United States of America.

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 accounting system is organized and operated on a fund basis. 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. Arkansas Code 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 (receipts), expenditures (disbursements), and changes in fund equity (balances); a comparison of the final adopted budget to the actual expenditures for the general fund and road fund; notes to the financial statements; and a supplemental schedule of capital assets.

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

General Fund - The General Fund is the general 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, West Nile and Sheriff's Drug.

Road Fund - The Road Fund is used to account for the proceeds of specific receipt sources that are legally restricted to disbursements 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 receipt sources that are legally restricted to disbursements 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, CMRS 911 Board, 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, 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 (other than those financed by Enterprise Funds). 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 Fund is reported with other funds in the aggregate: County Jail.

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The financial statements are presented using a regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for payroll taxes withheld and settlements pending. This regulatory basis differs from accounting principles generally accepted in the United States of America.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable, interfund receivables, and capital assets) and their related receipts and certain liabilities (such as accounts payable, interfund payables, and long-term debt) and their related disbursements 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.

Liabilities

For the purpose of financial reporting, liabilities include payroll taxes withheld but not yet paid and settlements pending. Settlements pending are considered fines, forfeitures, costs, trust funds, officer fees and property taxes that have not been transferred to the appropriate entities.

Fund Balance

1. Reserved Fund Balance indicates that portion of fund balance, which has been legally segregated for specific purposes.
2. Undesignated Fund Balance indicates that portion of fund balance which is available for budgeting in future periods.

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 disbursements 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 Sheriff's Communication Facilities and Equipment Fund and the Sheriff's Drug Account which is a part of the General Fund.

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.

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007

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/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: 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, 2007, the legal debt limit for bonded debt was \$54,000,406. 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 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, 2007, the legal debt limit for short-term financing obligations was \$14,234,072. The amount of short-term financing obligations was \$353,577 leaving a legal debt margin of \$13,880,495.

NOTE 5: Federal Funds Program Compliance

Federal Aviation Administration Airport Construction, Americorp and Homeland Security grants of the County 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 6: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2007
<u>Road</u>	\$ 597,101
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
Public Defender	\$ 73,314
Child Support Cost	31,846
Boating Safety	6,077
Sheriff's Special	20,890
Communication Facility and Equipment	7,901
CMRS 911 Board	284,961
County Recorder's Cost	801,795

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 6: Reserved Fund Balance (Continued)

	December 31, 2007
<u>Other Funds in the Aggregate (Continued)</u>	
Special Revenue Funds: (Continued)	
Treasurer's Automation	\$ 17,995
Wolf House	36,514
Grant	281,522
Collector's Automation	208,704
Special Jail Fee	10,384
Court Automation	63,722
Assessor Amendment No. 79	9,484
Library Board	155,103
Airport	169,431
Total Special Revenue	2,179,643
Capital Projects Fund:	
Jail Construction	4,334
Debt Service Fund:	
County Jail	745,228
Total Other Funds in the Aggregate	\$ 2,929,205

NOTE 7: Commitments

Total commitments consist of the following at December 31, 2007:

	December 31, 2007
Long-term debt	\$ 2,880,363
Noncancellable lease	13,493
Construction contracts	1,201,346
Reappraisal contract	829,867
Total Commitments	\$ 4,925,069

Long-Term Debt

Long-Term Debt at December 31, 2007 is comprised of the following:

	December 31, 2007
Bonded indebtedness 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 an expansion to the County Jail. The bonds shall be payable from the hospital lease revenues received by the County. The bond issue will pay out in the year 2012. Payments are to be made from the Debt Service Fund.	\$ 1,960,000

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7: Commitments (Continued)

Long-Term Debt (Continued)

	December 31, 2007
Lease-purchase agreement with Caterpillar Financial Services Corporation in the amount of \$417,200. The County purchased three motor graders. Monthly payments of \$3,691 for 34 months with a final payment of \$347,691. Payments are to be made from the County Road Fund.	\$ 257,751
Bonded Indebtedness entitled Baxter County, Arkansas Airport Revenue Bonds in the amount of \$701,000. These bonds were issued for the purpose of refunding the lease-purchase contract for the airport hangars and the construction of additional airport hangars. The bonds shall be payable from airport hangar revenues by the airport commission.	566,786
Lease-purchase agreement on September 25, 2006 with Scott Services in the amount of \$124,000. The County purchased a wheel loader. Monthly payments of \$2,339 for 60 months. Payments are to be made from the County Road Fund.	95,826
Total Long-Term Debt	\$ 2,880,363

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, 2007:

Years Ending December 31,	Bonds	Leases	Total
2008	\$ 498,865	\$ 57,626	\$ 556,491
2009	498,775	291,845	790,620
2010	507,495	28,067	535,562
2011	504,719	21,050	525,769
2012	505,859		505,859
2013 through 2017	278,248		278,248
2018 through 2022	239,899		239,899
Total Obligations	3,033,860	398,588	3,432,448
Less Interest	507,074	45,011	552,085
Total Principal	\$ 2,526,786	\$ 353,577	\$ 2,880,363

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007

NOTE 7: 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 three years:

Year	Amount
2008	\$ 5,584
2009	5,584
2010	2,325
Total	\$ 13,493

Rental expense for 2007 was \$3,567.

Construction Contracts

The County was contractually obligated for the following construction contracts at December 31, 2007:

Project Name	Estimated Completion Date	Contract Balance December 31, 2007
Airport Construction	November 15, 2008	\$ 1,201,346

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 three years.

Year	Amount
2008	\$ 398,336
2009	398,336
2010	33,195
Total	\$ 829,867

Reappraisal expense for 2007 was \$365,141.

NOTE 8: Amendment No. 49 General Obligation Bond Issues

These bonds are general obligations of the County and are financed solely from lease-rentals of certain properties. In the event that the lease rentals are not made, the County would have the authority to institute a millage to make the bond payments until such time as another firm could be located to occupy the property. The County considers the liability for the bonds to be only contingent in nature, since the likelihood of having to levy the millage and pay the bonds for an extended period of time is remote. The contingent liability at year-end was as follows:

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007

NOTE 8: Amendment No. 49 General Obligation Bond Issues (Continued)

<u>Company</u>	<u>Amount</u>
Aeroquip Corporation	\$ 7,200,000
Baxter County Regional Hospital	71,160,000
Total	<u>\$ 78,360,000</u>

NOTE 9 : Interfund Transfers

The General Fund transferred \$995,900 and \$114,008 to the Road Fund and Other Funds in the Aggregate, respectively, for operations. The Road Fund and Other Funds in the Aggregate transferred \$48,301 and \$323,283, respectively, to the General Fund for operations. The Other Funds in the Aggregate transfers between funds were as follows: The OES / Homeland Security Fund transferred \$78 to the Grant Fund to reimburse expenditures.

NOTE 10: Prior Year Restatement

The Animal Control, Juvenile Probation Fees, West Nile, and Sheriff's Drug Funds, previously reported as part of the Other Funds in the Aggregate, are being reported as part of the General Fund in 2007. This change caused the 2007 Other Funds in the Aggregate beginning fund balance to decrease and the General Fund beginning fund balance to increase by \$35,414.

NOTE 11: Subsequent Events

A loan in the amount of \$150,000 was obtained on March 14, 2008 from 1st Security Bank by the Baxter County Airport Commission. The purpose of the loan was to reimburse a private individual \$130,000 advanced airport hangar rent paid in 2007 and \$6,500 in interest. Excess funds from the bank loan were applied to construction costs.

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

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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, 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 14: Pledged Revenues-Hospital Lease and Airport Hangar

The County has pledged future hospital lease revenue to repay \$3,240,000 in bonds that were issued in February 2002 to finance the construction of a jail. Total principal and interest remaining on the bonds is \$1,960,000 and \$277,463, respectively, payable through June 2012. For the current year principal and interest paid and total hospital lease revenue collected were \$340,000, \$101,813 and \$599,998, respectively.

The County has pledged future airport hangar revenues to repay \$701,000 in bonds that were issued in 2001 to finance the construction of airport hangars. Total principal and interest remaining on the bonds is \$566,786 and \$229,611, respectively, payable through December 2022. For the current year principal and interest paid and total airport hangar revenue were \$26,497, \$29,153 and \$75,635, respectively.

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2007

Schedule 1

	SPECIAL REVENUE FUNDS							
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff's Radio Fund)	CMRS 911 Board (E-911)	County Recorder's Cost	Treasurer's Automation
ASSETS								
Cash and cash equivalents	\$ 73,314	\$ 31,846	\$ 6,486	\$ 20,890	\$ 7,901	\$ 286,062	\$ 803,688	\$ 18,191
LIABILITIES AND FUND BALANCES								
Liabilities:								
Payroll taxes withheld			\$ 409			\$ 1,101	\$ 1,893	\$ 196
Settlements pending								
Total Liabilities			409			1,101	1,893	196
Fund Balances:								
Reserved	\$ 73,314	\$ 31,846	6,077	\$ 20,890	\$ 7,901	284,961	801,795	17,995
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,314	\$ 31,846	\$ 6,486	\$ 20,890	\$ 7,901	\$ 286,062	\$ 803,688	\$ 18,191

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 order 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 Fund)	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 (E-911)	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 County/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.

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2007

Schedule 1

	SPECIAL REVENUE FUNDS							
	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	Assessor Amendment No. 79	Library Board	Airport
ASSETS								
Cash and cash equivalents	\$ 36,514	\$ 287,830	\$ 208,704	\$ 10,384	\$ 63,722	\$ 9,484	\$ 158,693	\$ 169,431
LIABILITIES AND FUND BALANCES								
Liabilities:								
Payroll taxes withheld		\$ 6,308					\$ 3,590	
Settlements pending								
Total Liabilities		6,308					3,590	
Fund Balances:								
Reserved	\$ 36,514	281,522	\$ 208,704	\$ 10,384	\$ 63,722	\$ 9,484	155,103	\$ 169,431
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,514	\$ 287,830	\$ 208,704	\$ 10,384	\$ 63,722	\$ 9,484	\$ 158,693	\$ 169,431

Wolf House	State and Federal grant fund established to receive and disburse state and federal grant monies for the renovation of an historical building located in the County known as the Wolf House, fund is restricted by Grantor.
Grant	State and Federal grant fund established to receive and disburse state and federal grant monies related to the Airport, Juvenile Services, and the Office of Emergency Management, fund is restricted by Grantor.
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 established fund to receive fees to be used to help defray the cost of incarcerating county prisoners including the 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.
Assessor Amendment No. 79	Ark. Code Ann. § 26-26-310 established to provide that one percent of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to County Assessors for the purpose of administering Arkansas Constitution, Amendment No. 79.
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 a court order dated March 16, 1978 to receive federal grants, state grants and operating revenue to be used for the operation of the Ozark Regional Airport.

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2007

Schedule 1

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	AGENCY FUNDS					Totals	
	Jail Construction	County Jail	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/ Circuit Clerk's Accounts	District Court's Accounts		Juvenile Probation
ASSETS									
Cash and cash equivalents	\$ 4,334	\$ 745,228	\$ 76,202	\$ 149,558	\$ 189,665	\$ 250,943	\$ 90,851	\$ 3,530	\$ 3,703,451
LIABILITIES AND FUND BALANCES									
Liabilities:									
Payroll taxes withheld									\$ 13,497
Settlements pending			\$ 76,202	\$ 149,558	\$ 189,665	\$ 250,943	\$ 90,851	\$ 3,530	760,749
Total Liabilities			<u>76,202</u>	<u>149,558</u>	<u>189,665</u>	<u>250,943</u>	<u>90,851</u>	<u>3,530</u>	<u>774,246</u>
Fund Balances:									
Reserved	\$ 4,334	\$ 745,228							<u>2,929,205</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,334</u>	<u>\$ 745,228</u>	<u>\$ 76,202</u>	<u>\$ 149,558</u>	<u>\$ 189,665</u>	<u>\$ 250,943</u>	<u>\$ 90,851</u>	<u>\$ 3,530</u>	<u>\$ 3,703,451</u>

Jail Construction

County Ordinance No. 2002-27 established fund to receive revenue bond proceeds for the construction of a new county jail.

County Jail

County Ordinance No. 2002-27 establish fund to maintain 10% of revenue bond proceeds in reserve and to make principal and interest payments on revenue bonds (Hospital Lease Revenue).

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

County/Circuit Clerk's accounts consist primarily of fees and trust money awaiting disposition to the appropriate entities.

District Court's 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
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff Radio Fund)	CMRS 911 Board (E-911)	County Recorder's Cost	Treasurer's Automation
RECEIPTS								
State aid	\$ 2,977		\$ 12,944					
Federal aid								
Property taxes								
Fines, forfeitures and costs	25,206			\$ 2,460				
Interest	2,953	\$ 1,309	620	803	\$ 48	\$ 10,800	\$ 32,090	\$ 633
Officers' fees		7,667			19,612		337,529	
Donations				3,795				
Alternative School								
Hospital lease								
911 Fees						262,081		
Treasurer's commission								28,715
Collector's commission								
Other	478	107	242	221	28,538	42,895	4,413	
TOTAL RECEIPTS	31,614	9,083	13,806	7,279	48,198	315,776	374,032	29,348
Less: Treasurer's commission	623	179	271	144		6,096	7,392	1
NET RECEIPTS	30,991	8,904	13,535	7,135	48,198	309,680	366,640	29,347
DISBURSEMENTS								
Current:								
General government		2,902						
Law enforcement	30,856		18,890	3,840	45,509		308,425	28,856
Public safety						266,896		
Recreation and culture								
Total Current	30,856	2,902	18,890	3,840	45,509	266,896	308,425	28,856
Debt Service:								
Bond principal								
Bond interest and other charges								
TOTAL DISBURSEMENTS	30,856	2,902	18,890	3,840	45,509	266,896	308,425	28,856

BAXTER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Public Defender	Child Support Cost	Boating Safety	Sheriff's Special	Communication Facility and Equipment (Sheriff Radio Fund)	CMRS 911 Board (E-911)	County Recorder's Cost	Treasurer's Automation
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 135	\$ 6,002	\$ (5,355)	\$ 3,295	\$ 2,689	\$ 42,784	\$ 58,215	\$ 491
OTHER FINANCING SOURCES (USES)								
Transfers in			3,846					
Transfers out						(1,266)		
Advanced airport hangar rent								
TOTAL OTHER FINANCING SOURCES (USES)			3,846			(1,266)		
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	135	6,002	(1,509)	3,295	2,689	41,518	58,215	491
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	73,179	25,844	7,586	17,595	5,212	243,443	743,580	17,504
Restatement adjustment								
FUND BALANCES - JANUARY 1, AS RESTATED	73,179	25,844	7,586	17,595	5,212	243,443	743,580	17,504
FUND BALANCES - DECEMBER 31	\$ 73,314	\$ 31,846	\$ 6,077	\$ 20,890	\$ 7,901	\$ 284,961	\$ 801,795	\$ 17,995

Public Defender
 Child Support Cost
 Boating Safety

Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
 Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.

Sheriff's Special

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.

Communication Facility
 and Equipment (Sheriff Radio Fund)
 CMRS 911 Board (E-911)
 County Recorder's Cost

Fund established to account for drug restitution ordered by Circuit Court order 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.

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.

Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.

Ark. Code Ann. § 21-6-306 established fund to receive fees collected by County/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.

BAXTER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	OES/Homeland Security	Assessor Amendment No. 79	Library Board
RECEIPTS								
State aid		\$ 108,061					\$ 16,857	\$ 163,848
Federal aid		224,947						1,924
Property taxes								410,662
Fines, forfeitures and costs				\$ 25,824	\$ 15,398			27,946
Interest	\$ 1,399		\$ 6,246	867	3,337		528	3,552
Officers' fees								
Donations								12,714
Alternative School		703,359						
Hospital lease								
911 Fees								
Treasurer's commission								
Collector's commission			66,453					
Other	6	9,800	39	316	254		158	61,153
TOTAL RECEIPTS	1,405	1,046,167	72,738	27,007	18,989		17,543	681,799
Less: Treasurer's commission	28	14,067	125	534	375		347	13,806
NET RECEIPTS	1,377	1,032,100	72,613	26,473	18,614		17,196	667,993
DISBURSEMENTS								
Current:								
General government		37,686	45,099				12,982	
Law enforcement		812,691		28,687				
Public safety		82,237						
Recreation and culture	21,236							735,464
Total Current	21,236	932,614	45,099	28,687			12,982	735,464
Debt Service:								
Bond principal								
Bond interest and other charges								
TOTAL DISBURSEMENTS	21,236	932,614	45,099	28,687			12,982	735,464

BAXTER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS							
	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	OES/Homeland Security	Assessor Amendment No. 79	Library Board
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (19,859)	\$ 99,486	\$ 27,514	\$ (2,214)	\$ 18,614		\$ 4,214	\$ (67,471)
OTHER FINANCING SOURCES (USES)								
Transfers in	43,045	67,195						
Transfers out		(315,517)		(6,500)		\$ (78)		
Advanced airport hangar rent								
TOTAL OTHER FINANCING SOURCES (USES)	43,045	(248,322)		(6,500)		(78)		
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	23,186	(148,836)	27,514	(8,714)	18,614	(78)	4,214	(67,471)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	13,328	430,358	181,190	19,098	45,108	78	5,270	222,574
Restatement adjustment								
FUND BALANCES - JANUARY 1, AS RESTATED	13,328	430,358	181,190	19,098	45,108	78	5,270	222,574
FUND BALANCES - DECEMBER 31	\$ 36,514	\$ 281,522	\$ 208,704	\$ 10,384	\$ 63,722	\$ 0	\$ 9,484	\$ 155,103

Wolf House	State and Federal grant fund established to receive and disburse state and federal grant monies for the renovation of an historical building located in the County known as the Wolf House, fund is restricted by Grantor.
Grant	State and Federal grant fund established to receive and disburse state and federal grant monies related to the Airport, Juvenile Services, and the Office of Emergency Management, fund is restricted by Grantor.
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 established fund to receive fees to be used to help defray the cost of incarcerating county prisoners including the 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.
OES/Homeland Security	Fund established by the County to account for OES and Homeland Security grants.
Assessor Amendment No. 79	Ark. Code Ann. § 26-26-310 established to provide that one percent of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to County Assessors for the purpose of administering Arkansas Constitution, Amendment No. 79.
Library Board	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.

BAXTER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	DEBT SERVICE FUND	Totals
	Airport	Animal Control	Juvenile Probation Fees	West Nile	Sheriff's Drug	Jail Construction	County Jail	
RECEIPTS								
State aid								\$ 304,687
Federal aid	\$ 654,029							880,900
Property taxes								410,662
Fines, forfeitures and costs								96,834
Interest	5,221					\$ 213	\$ 31,587	102,206
Officers' fees								364,808
Donations								16,509
Alternative school								703,359
Hospital lease							442,511	442,511
911 fees								262,081
Treasurer's commission								28,715
Collector's commission								66,453
Other	130,666							279,286
TOTAL RECEIPTS	789,916					213	474,098	3,959,011
Less: Treasurer's commission								43,988
NET RECEIPTS	789,916					213	474,098	3,915,023
DISBURSEMENTS								
Current:								
General government	868,134							1,304,084
Law enforcement						1,000		941,473
Public safety								349,133
Recreation and culture								756,700
Total Current	868,134					1,000		3,351,390
Debt Service:								
Bond principal	26,496						340,000	366,496
Bond interest and other charges	30,547						103,333	133,880
TOTAL DISBURSEMENTS	925,177					1,000	443,333	3,851,766

BAXTER COUNTY, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	DEBT SERVICE FUND	Totals
	Airport	Animal Control	Juvenile Probation Fees	West Nile	Sheriff's Drug	Jail Construction	County Jail	
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (135,261)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (787)	\$ 30,765	\$ 63,257
OTHER FINANCING SOURCES (USES)								
Transfers in								114,086
Transfers out								(323,361)
Advanced airport hangar rent	130,000							130,000
TOTAL OTHER FINANCING SOURCES (USES)	130,000							(79,275)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(5,261)	0	0	0	0	(787)	30,765	(16,018)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	174,692	16,639	7,742	6,878	4,155	5,121	714,463	2,980,637
Restatement adjustment		(16,639)	(7,742)	(6,878)	(4,155)			(35,414)
FUND BALANCES - JANUARY 1, AS RESTATED	174,692	0	0	0	0	5,121	714,463	2,945,223
FUND BALANCES - DECEMBER 31	\$ 169,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,334	\$ 745,228	\$ 2,929,205

Airport

Fund was established by a court order dated March 16, 1978 to receive federal grants, state grants and operating revenue to be used for the operation of the Ozark Regional Airport.

Animal Control

Donations received for Animal Control expenditures.

Juvenile Probation Fees

Fees collected to offset the cost of the Juvenile Probation office.

West Nile

Grant received for the eradication of mosquitoes.

Sheriff's Drug

Funds appropriated for the investigation of criminal drug cases.

Jail Construction

County Ordinance No. 2002-27 established fund to receive revenue bond 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).

BAXTER COUNTY, ARKANSAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2007
(Unaudited)

Schedule 3

	<u>December 31, 2007</u>
Land and Building	\$ 10,772,905
Improvements	2,716,308
Equipment	<u>10,140,103</u>
Total	<u><u>\$ 23,629,316</u></u>