

Baxter County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2009

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, 2009, 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, 2009, 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.

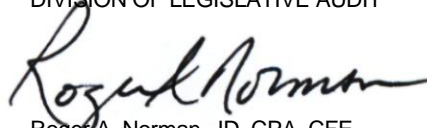
The County's regulatory basis financial statements also do not disclose all the required information concerning deposit risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

In our opinion, except for the effects of not disclosing all required information concerning deposit risks, 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, 2009, 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 August 10, 2010 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
August 10, 2010
LOCO00309

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, 2009, and have issued our report thereon dated August 10, 2010. We issued an adverse opinion because the County prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

2009-1 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.

Compliance and Other Matters

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

The County's response to the 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 2009:

County Judge: Joe Bodenhamer
Treasurer: Nelda Speaks
Sheriff: John Montgomery
Tax Collector: Willa Mae Tilley
County and Circuit Clerk: Rhonda Porter
District Court Clerk: Linda Shaffer, succeeded by Kim Vinson on July 1, 2009
County Librarian: Gwen Khayat

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

County Judge

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.

The following information system weaknesses were discovered during a review of computers:

Treasurer

Access security controls were inadequate due to audit logging not being enabled.

County and Circuit Clerk

Access security controls were inadequate due to audit logging not being enabled.

District Court Clerk

Access security controls were inadequate in that passwords were not required to be changed on a periodic basis, passwords did not meet minimum length requirements, passwords did not meet any complexity requirements, access controls allowed excessive unsuccessful logon attempts, and password history file was not maintained to prevent re-use of passwords.

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

DIVISION OF LEGISLATIVE AUDIT



June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 10, 2010

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2009

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,872,521	\$ 672,748	\$ 3,920,550
Accounts receivable	1,821,916	212,853	205,858
Interfund receivables	17,698		
	<u>\$ 4,712,135</u>	<u>\$ 885,601</u>	<u>\$ 4,126,408</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,274,077	\$ 92,005	\$ 235,798
Interfund payables			17,698
Settlements pending	726,823		604,401
Total Liabilities	<u>2,000,900</u>	<u>92,005</u>	<u>857,897</u>
Fund Balances:			
Reserved (Note 9)		793,596	3,268,511
Unreserved:			
Undesignated	2,711,235		
Total Fund Balances	<u>2,711,235</u>	<u>793,596</u>	<u>3,268,511</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,712,135</u>	<u>\$ 885,601</u>	<u>\$ 4,126,408</u>

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, 2009

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,624,792	\$ 1,410,876	\$ 460,862
Federal aid	4,288,395	671,344	247,789
Property taxes	437,295	1,050,708	454,332
Sales taxes	3,584,344		
Fines, forfeitures, and costs	477,793		95,394
Interest	54,227	11,705	57,417
Officers' fees	245,624		437,708
Jail fees	252,831		
911 fees			344,203
Hospital lease	152,515		447,485
School district contributions			959,195
Treasurer's commission	83,117		30,973
Collector's commission	222,711		97,562
Taxes apportioned - Assessor's salary and expense	517,795		
Other	130,481	139,473	361,941
 TOTAL REVENUES	 12,071,920	 3,284,106	 3,994,861
 Less: Treasurer's commission	 39,917	 54,824	 52,792
 NET REVENUES	 12,032,003	 3,229,282	 3,942,069
 EXPENDITURES			
Current:			
General government	2,198,793		541,353
Law enforcement	3,608,868		397,573
Highways and streets	25,790	3,708,416	
Public safety	5,321,381		333,093
Health	34,805		
Recreation and culture	3,500		855,936
Social services	55,304		
Airport	59,116		208,300
Education			869,102
Total Current	11,307,557	3,708,416	3,205,357

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Exhibit B

	General	Road	Other Funds in the Aggregate
EXPENDITURES (CONTINUED)			
Debt Service:			
Bond principal			\$ 399,283
Bond interest and other charges			100,988
Lease principal		\$ 46,689	
Lease interest		9,496	
Note principal			11,175
Note interest			5,915
TOTAL EXPENDITURES	\$ 11,307,557	3,764,601	3,722,718
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	724,446	(535,319)	219,351
OTHER FINANCING SOURCES (USES)			
Transfers in	111,942	528,840	66,080
Transfers out	(530,840)	(85,640)	(90,382)
TOTAL OTHER FINANCING SOURCES (USES)	(418,898)	443,200	(24,302)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	305,548	(92,119)	195,049
FUND BALANCES - JANUARY 1	2,405,687	885,715	3,073,462
FUND BALANCES - DECEMBER 31	\$ 2,711,235	\$ 793,596	\$ 3,268,511

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, 2009

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 609,434	\$ 1,624,792	\$ 1,015,358	\$ 1,592,197	\$ 1,410,876	\$ (181,321)
Federal aid	3,623,354	4,288,395	665,041	577,081	671,344	94,263
Property taxes	439,940	437,295	(2,645)	914,155	1,050,708	136,553
Sales taxes	3,700,500	3,584,344	(116,156)			
Fines, forfeitures, and costs	457,551	477,793	20,242			
Interest	43,725	54,227	10,502	12,600	11,705	(895)
Officers' fees	206,647	245,624	38,977			
Jail fees		252,831	252,831			
Hospital lease	152,515	152,515				
Detention fees	101,500		(101,500)			
Treasurer's commission	268,500	83,117	(185,383)			
Collector's commission	755,000	222,711	(532,289)			
Taxes apportioned - Assessor's salary and expense	400,000	517,795	117,795			
Other	688,735	130,481	(558,254)	111,052	139,473	28,421
TOTAL REVENUES	11,447,401	12,071,920	624,519	3,207,085	3,284,106	77,021
Less: Treasurer's commission		39,917	(39,917)		54,824	(54,824)
NET REVENUES	11,447,401	12,032,003	584,602	3,207,085	3,229,282	22,197
EXPENDITURES						
Current:						
General government	2,959,179	2,198,793	760,386			
Law enforcement	3,416,041	3,608,868	(192,827)			
Highways and streets		25,790	(25,790)	3,900,633	3,708,416	192,217
Public safety	5,422,581	5,321,381	101,200			
Health	33,700	34,805	(1,105)			
Recreation and culture	3,500	3,500				
Social services	53,049	55,304	(2,255)			
Airport	90,886	59,116	31,770			
Total Current	11,978,936	11,307,557	671,379	3,900,633	3,708,416	192,217

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, 2009

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED)						
Debt Service:						
Lease principal					\$ 46,689	\$ (46,689)
Lease interest					9,496	(9,496)
TOTAL EXPENDITURES	<u>\$ 11,978,936</u>	<u>\$ 11,307,557</u>	<u>\$ 671,379</u>	<u>\$ 3,900,633</u>	<u>3,764,601</u>	<u>136,032</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(531,535)</u>	<u>724,446</u>	<u>1,255,981</u>	<u>(693,548)</u>	<u>(535,319)</u>	<u>158,229</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		111,942	111,942	524,498	528,840	4,342
Transfers out	<u>(585,852)</u>	<u>(530,840)</u>	<u>55,012</u>	<u>(85,640)</u>	<u>(85,640)</u>	<u>(85,640)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(585,852)</u>	<u>(418,898)</u>	<u>166,954</u>	<u>524,498</u>	<u>443,200</u>	<u>(81,298)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,117,387)</u>	<u>305,548</u>	<u>1,422,935</u>	<u>(169,050)</u>	<u>(92,119)</u>	<u>76,931</u>
FUND BALANCES - JANUARY 1	<u>2,405,687</u>	<u>2,405,687</u>		<u>885,715</u>	<u>885,715</u>	
FUND BALANCES - DECEMBER 31	<u>\$ 1,288,300</u>	<u>\$ 2,711,235</u>	<u>\$ 1,422,935</u>	<u>\$ 716,665</u>	<u>\$ 793,596</u>	<u>\$ 76,931</u>

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation - Regulatory Fund Accounting

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

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

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

General Fund - The General Fund is 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's Amendment no. 79, Airport Grant, Sheriff's Grant, Library Board, and Airport.

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 Airport Revenue Bonds.

Agency Funds - Agency Funds are used to account for assets held by the entity as an agent for individuals, private organizations, other governmental units, and other funds. The following Agency Funds are reported with other funds in the aggregate: Treasurer's (Property Tax Relief, Collector's Unapportioned, 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 (Fee and Trust); District Court (County and Court Probation); and Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance

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.

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, 2009

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: Accounts Receivable

The accounts receivable balance at December 31, 2009 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 809,336	\$ 102,622	\$ 51,770
Federal aid	669,036	27,555	
Property taxes	8,489	81,721	2,562
Sales taxes	260,144		
Fines, forfeitures, and costs	14,909		4,260
Interest	1,826	955	4,519
Officers' fees	18,625		37,881
School district contributions			18,920
911 fees			63,461
Jail fees	15,868		
Other	23,683		22,485
Totals	\$ 1,821,916	\$ 212,853	\$ 205,858

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2009 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 1,257,067	\$ 84,724	\$ 58,225
Payroll taxes payable	17,010	7,281	7,573
Other			170,000
Totals	\$ 1,274,077	\$ 92,005	\$ 235,798

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2009	
	Interfund Receivables	Interfund Payables
General Fund	\$ 17,698	
Other Funds in the Aggregate:		
Special Revenue Fund:		
Collector's Automation Fund		\$ 17,698
Totals	\$ 17,698	\$ 17,698

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 6: Interfund Balances (Continued)

Interfund receivables and payables consist of errors in transfers made to the Collector's Automation Fund. This balance was repaid on May 26, 2010.

NOTE 7: Legal Debt Limit

A. Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2009, the legal debt limit for bonded debt was \$58,775,070. There were no property tax secured bond issues.

B. Short-Term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2009, the legal debt limit for short-term financing obligations was \$15,448,247. The amount of short-term financing obligations was \$280,781, a legal debt margin of \$15,167,466.

NOTE 8: 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 9: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2009
<u>Road</u>	\$ 793,596
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
County Recorder's Cost	\$ 749,981
Public Defender	62,576
Boating Safety	16,684
Sheriff's Special	37,272
CMRS 911 (Commercial Mobile Radio Service)	399,748
Communication Facility and Equipment (Sheriff's Radio)	5,744
Child Support Cost	41,308
Treasurer's Automation	19,110
Wolf House	3,204
Grant	79,309
Collector's Automation	310,336
Special Jail Fee	51,689
Court Automation	87,230
Office of Emergency Services (OES)/Homeland Security	8,074
Assessor's Amendment no. 79	48,142

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 9: Reserved Fund Balance (Continued)

	December 31, 2009
<u>Other Funds in the Aggregate (Continued)</u>	
Special Revenue Funds: (Continued)	
Airport Grant	\$ 151,584
Sheriff's Grant	297
Library Board	208,335
Airport	121,435
Total Special Revenue	2,402,058
Debt Service Funds:	
Airport Revenue Bonds	78,018
County Jail	788,435
Total Debt Service	866,453
Total Other Funds in the Aggregate	\$ 3,268,511

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2009:

	December 31, 2009
Long-term liabilities	\$ 2,025,458
Noncancellable lease	2,326
Reappraisal contract	1,134,972
Total Commitments	\$ 3,162,756

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009

NOTE 10: Commitments (Continued)

Long-Term Liabilities

Long-term liabilities at December 31, 2009 are comprised of the following:

	December 31, 2009
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, payable through June 2012. Interest rates are 2.9% - 4.7%. Payments are to be made from the County Jail Debt Service Fund.	\$ 1,235,000
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, payable through December 2022. Payments are to be made from the Airport Revenue Bonds Debt Service Fund.	509,677
Lease-purchase agreement, dated July 17, 2009, with Caterpillar Financial Services Corporation in the amount of \$121,151 with interest rate of 6.75% for the refinancing of a balloon payment on a previous lease-purchase agreement for a motor grader. Monthly payments of \$3,727 for 34 months and a final payment of \$3,728. Payments are to be made from the Road Fund.	102,620
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.	46,944
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.	131,217
Total Long-Term Debt	\$ 2,025,458

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

Compensated Absences

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

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2009:

Years Ending December 31,	Bonds	Notes	Leases	Total
2010	\$ 507,495	\$ 18,600	\$ 72,790	\$ 598,885
2011	504,720	18,600	65,773	589,093
2012	505,860	18,600	22,364	546,824
2013	55,650	18,600		74,250
2014	55,650	18,600		74,250
2015 through 2019	278,248	65,698		343,946
2020 through 2022	128,968			128,968
Total Obligations	<u>2,036,591</u>	<u>158,698</u>	<u>160,927</u>	<u>2,356,216</u>
Less Interest	<u>291,914</u>	<u>27,481</u>	<u>11,363</u>	<u>330,758</u>
Total Principal	<u>\$ 1,744,677</u>	<u>\$ 131,217</u>	<u>\$ 149,564</u>	<u>\$ 2,025,458</u>

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 amount for next year:

Year	December 31, 2009
2010	<u>\$ 2,326</u>

Rental expense for 2009 was \$5,583.

Reappraisal Contract

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

Year	Amount
2010	\$ 378,324
2011	378,324
2012	<u>378,324</u>
Total	<u>\$ 1,134,972</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$528,840 and \$2,000 to the Road Fund and Other Funds in the Aggregate (Sheriff's Special), respectively, for operations. The Road Fund and Other Funds in the Aggregate (Grant, CMRS 911 Board, Court Automation, Boating Safety, and Sheriff's Special Funds) transferred \$85,640, \$15,963, \$1,422, \$6,968, \$1,249, and \$700, respectively, to the General Fund for operations. The Other Funds in the Aggregate transfers between funds were as follows: OES/Homeland Security Fund transferred \$8,430 to the Grant Fund for grant expenditures and the Airport Fund transferred \$55,650 to the Airport Revenue Bonds Debt Service Fund for debt service payments.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12: Subsequent Events

On February 1, 2010, Baxter County, Marion County, and the City of Mountain Home formed an Interlocal Alliance for the purpose of purchasing the NABORS Landfill and hauling operation. On February 8, 2010, the Alliance made an offer to the Northwest Arkansas Regional Solid Waste Management District ("District") for the transfer of the NABORS Landfill and hauling operation to the Alliance. This offer was accepted by a majority vote on February 16, 2010. As of the exit conference date, the Alliance was still waiting on the issuance of bonds for the purchase.

NOTE 13: Jointly Governed Organization

Baxter County paid the Northwest Arkansas Regional Solid Waste District d/b/a Nabors Hauling and Landfill \$19,808 during 2009. 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 14: Risk Management

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

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

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

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

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 15: 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.

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009

NOTE 15: Arkansas Public Employees Retirement System (Continued)

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 16: Pledged Revenue

The County pledged future hospital lease revenue to repay \$3,240,000 in bonds that were issued in 2002 to finance the construction of a jail. Total principal and interest remaining on the bonds is \$1,235,000 and \$116,125, respectively, payable through June 2012. For the current year, principal and interest paid and total hospital lease revenues were \$370,000, \$73,125, and \$600,000.

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 \$509,677 and \$175,789, respectively, payable through December 2022. For the current year, principal and interest paid and total airport hangar revenues were \$29,283, \$26,367, and \$105,646, respectively.

NOTE 17: Revenue Bond Issues

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

<u>Corporation</u>	<u>Ordinance No. Authorizing Issuance</u>	<u>Date of Issuance</u>	<u>Original Amount of Bonds Issued</u>	<u>Bonds Outstanding as of December 31, 2009</u>
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	67,300,000
Totals			<u>\$ 87,045,000</u>	<u>\$ 74,500,000</u>

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

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

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
ASSETS							
Cash and cash equivalents	\$ 65,826	\$ 41,517	\$ 14,372	\$ 37,041	\$ 2,519	\$ 341,270	\$ 730,319
Accounts receivable	85	52	2,312	231	3,269	63,885	35,343
TOTAL ASSETS	\$ 65,911	\$ 41,569	\$ 16,684	\$ 37,272	\$ 5,788	\$ 405,155	\$ 765,662
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 3,335	\$ 261			\$ 44	\$ 5,407	\$ 15,681
Interfund payables							
Settlements pending							
Total Liabilities	3,335	261			44	5,407	15,681
Fund Balances:							
Reserved (Note 9)	62,576	41,308	\$ 16,684	\$ 37,272	5,744	399,748	749,981
TOTAL LIABILITIES AND FUND BALANCES	\$ 65,911	\$ 41,569	\$ 16,684	\$ 37,272	\$ 5,788	\$ 405,155	\$ 765,662

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	SPECIAL REVENUE FUNDS						
	Treasurer's Automation	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES) / Homeland Security
ASSETS							
Cash and cash equivalents	\$ 19,208	\$ 3,237	\$ 67,780	\$ 327,769	\$ 48,760	\$ 86,009	\$ 8,212
Accounts receivable	19	4	30,678	265	3,193	1,221	16
TOTAL ASSETS	\$ 19,227	\$ 3,241	\$ 98,458	\$ 328,034	\$ 51,953	\$ 87,230	\$ 8,228
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 117	\$ 37	\$ 19,149		\$ 264		\$ 154
Interfund payables				\$ 17,698			
Settlements pending							
Total Liabilities	117	37	19,149	17,698	264		154
Fund Balances:							
Reserved (Note 9)	19,110	3,204	79,309	310,336	51,689	\$ 87,230	8,074
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,227	\$ 3,241	\$ 98,458	\$ 328,034	\$ 51,953	\$ 87,230	\$ 8,228

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	<u>SPECIAL REVENUE FUNDS</u>				<u>DEBT SERVICE FUNDS</u>		
	<u>Assessor's Amendment no. 79</u>	<u>Airport Grant</u>	<u>Sheriff's Grant</u>	<u>Library Board</u>	<u>Airport</u>	<u>County Jail</u>	<u>Airport Revenue Bonds</u>
ASSETS							
Cash and cash equivalents	\$ 42,161	\$ 151,396	\$ 297	\$ 180,691	\$ 283,382	\$ 786,365	\$ 78,018
Accounts receivable	16,365	188		38,279	8,383	2,070	
TOTAL ASSETS	<u>\$ 58,526</u>	<u>\$ 151,584</u>	<u>\$ 297</u>	<u>\$ 218,970</u>	<u>\$ 291,765</u>	<u>\$ 788,435</u>	<u>\$ 78,018</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 10,384			\$ 10,635	\$ 170,330		
Interfund payables							
Settlements pending							
Total Liabilities	<u>10,384</u>			<u>10,635</u>	<u>170,330</u>		
Fund Balances:							
Reserved (Note 9)	48,142	\$ 151,584	\$ 297	208,335	121,435	\$ 788,435	\$ 78,018
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,526</u>	<u>\$ 151,584</u>	<u>\$ 297</u>	<u>\$ 218,970</u>	<u>\$ 291,765</u>	<u>\$ 788,435</u>	<u>\$ 78,018</u>

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

AGENCY FUNDS

	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County / Circuit Clerk's Accounts	District Court Accounts	District Court Probation	Juvenile Probation	Totals
ASSETS								
Cash and cash equivalents	\$ 44,380	\$ 113,227	\$ 183,853	\$ 160,842	\$ 79,747	\$ 1,231	\$ 21,121	\$ 3,920,550
Accounts receivable								205,858
TOTAL ASSETS	\$ 44,380	\$ 113,227	\$ 183,853	\$ 160,842	\$ 79,747	\$ 1,231	\$ 21,121	\$ 4,126,408
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 235,798
Interfund payables								17,698
Settlements pending	\$ 44,380	\$ 113,227	\$ 183,853	\$ 160,842	\$ 79,747	\$ 1,231	\$ 21,121	604,401
Total Liabilities	44,380	113,227	183,853	160,842	79,747	1,231	21,121	857,897
Fund Balances:								
Reserved (Note 9)								3,268,511
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,380	\$ 113,227	\$ 183,853	\$ 160,842	\$ 79,747	\$ 1,231	\$ 21,121	\$ 4,126,408

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, 2009

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
REVENUES							
State aid	\$ 2,974		\$ 17,660				
Federal aid				\$ 13,660			
Property taxes							
Fines, forfeitures, and costs	25,188			4,247			
Interest	1,568	\$ 907	160	739	\$ 12	\$ 7,608	\$ 16,847
Officers' fees		7,393			16,841		413,474
911 fees						344,203	
Hospital lease							
School district contributions							
Treasurer's commission							
Collector's commission							
Other	463	97	209	4,804	15,481	619	9
TOTAL REVENUES	30,193	8,397	18,029	23,450	32,334	352,430	430,330
Less: Treasurer's commission	595	165	352	462		6,451	8,465
NET REVENUES	29,598	8,232	17,677	22,988	32,334	345,979	421,865
EXPENDITURES							
Current:							
General government		3,175					452,984
Law enforcement	38,573		3,014	13,526	29,562		
Public safety						312,680	
Recreation and culture							
Airport							
Education							
Total Current	38,573	3,175	3,014	13,526	29,562	312,680	452,984

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, 2009

Schedule 2

SPECIAL REVENUE FUNDS

	<u>Public Defender</u>	<u>Child Support Cost</u>	<u>Boating Safety</u>	<u>Sheriff's Special</u>	<u>Communication Facility and Equipment (Sheriff's Radio)</u>	<u>CMRS 911 Board (Commercial Mobile Radio Service)</u>	<u>County Recorder's Cost</u>
EXPENDITURES (CONTINUED)							
Debt Service:							
Bond principal							
Bond interest and other charges							
Note Principal							
Note interest							
TOTAL EXPENDITURES	<u>\$ 38,573</u>	<u>\$ 3,175</u>	<u>\$ 3,014</u>	<u>\$ 13,526</u>	<u>\$ 29,562</u>	<u>\$ 312,680</u>	<u>\$ 452,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,975)</u>	<u>5,057</u>	<u>14,663</u>	<u>9,462</u>	<u>2,772</u>	<u>33,299</u>	<u>(31,119)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in				2,000			
Transfers out			<u>(1,249)</u>	<u>(700)</u>		<u>(1,422)</u>	
TOTAL OTHER FINANCING SOURCES (USES)			<u>(1,249)</u>	<u>1,300</u>		<u>(1,422)</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(8,975)</u>	<u>5,057</u>	<u>13,414</u>	<u>10,762</u>	<u>2,772</u>	<u>31,877</u>	<u>(31,119)</u>
FUND BALANCES - JANUARY 1	<u>71,551</u>	<u>36,251</u>	<u>3,270</u>	<u>26,510</u>	<u>2,972</u>	<u>367,871</u>	<u>781,100</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 62,576</u></u>	<u><u>\$ 41,308</u></u>	<u><u>\$ 16,684</u></u>	<u><u>\$ 37,272</u></u>	<u><u>\$ 5,744</u></u>	<u><u>\$ 399,748</u></u>	<u><u>\$ 749,981</u></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, 2009

Schedule 2

SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	Office of Emergency Services (OES) / Homeland Security
REVENUES							
State aid		\$ 100	\$ 110,921				
Federal aid			26,989				\$ 34,523
Property taxes							
Fines, forfeitures, and costs					\$ 51,430	\$ 14,529	
Interest	\$ 383		1,812	\$ 4,871	764	1,906	210
Officers' fees							
911 fees							
Hospital lease							
School district contributions			959,195				
Treasurer's commission	30,973						
Collector's commission				97,562			
Other		6	3,000	77	437	226	6
TOTAL REVENUES	31,356	106	1,101,917	102,510	52,631	16,661	34,739
Less: Treasurer's commission		2	18,830	92	980	304	4
NET REVENUES	31,356	104	1,083,087	102,418	51,651	16,357	34,735
EXPENDITURES							
Current:							
General government	30,601			44,209			
Law enforcement			156,596		26,573	4,180	
Public safety							20,413
Recreation and culture		2,500					
Airport							
Education			869,102				
Total Current	30,601	2,500	1,025,698	44,209	26,573	4,180	20,413

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS						Office of Emergency Services (OES) / Homeland Security
	Treasurer's Automation	Wolf House	Grant	Collector's Automation	Special Jail Fee	Court Automation	
EXPENDITURES (CONTINUED)							
Debt Service:							
Bond principal							
Bond interest and other charges							
Note Principal							
Note interest							
TOTAL EXPENDITURES	\$ 30,601	\$ 2,500	\$ 1,025,698	\$ 44,209	\$ 26,573	\$ 4,180	\$ 20,413
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	755	(2,396)	57,389	58,209	25,078	12,177	14,322
OTHER FINANCING SOURCES (USES)							
Transfers in			8,430				
Transfers out			(15,963)			(6,968)	(8,430)
TOTAL OTHER FINANCING SOURCES (USES)			(7,533)			(6,968)	(8,430)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	755	(2,396)	49,856	58,209	25,078	5,209	5,892
FUND BALANCES - JANUARY 1	18,355	5,600	29,453	252,127	26,611	82,022	2,181
FUND BALANCES - DECEMBER 31	\$ 19,110	\$ 3,204	\$ 79,309	\$ 310,336	\$ 51,689	\$ 87,231	\$ 8,073

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			Totals
	Assessor's Amendment no. 79	Airport Grant	Sheriff's Grant	Library Board	Airport	County Jail	Airport Revenue Bonds	
REVENUES								
State aid	\$ 36,781			\$ 220,612	\$ 71,814			\$ 460,862
Federal aid		\$ 3,380	\$ 91,953		77,284			247,789
Property taxes				454,332				454,332
Fines, forfeitures, and costs								95,394
Interest	849	51	303	2,883	692	\$ 14,279	\$ 573	57,417
Officers' fees								437,708
911 fees								344,203
Hospital lease						447,485		447,485
School district contributions								959,195
Treasurer's commission								30,973
Collector's commission								97,562
Other	259			199,910	136,338			361,941
TOTAL REVENUES	37,889	3,431	92,256	877,737	286,128	461,764	573	3,994,861
Less: Treasurer's commission	425	64	6	15,595				52,792
NET REVENUES	37,464	3,367	92,250	862,142	286,128	461,764	573	3,942,069
EXPENDITURES								
Current:								
General government	10,384							541,353
Law enforcement			125,549					397,573
Public safety								333,093
Recreation and culture				853,436				855,936
Airport					208,300			208,300
Education								869,102
Total Current	10,384		125,549	853,436	208,300			3,205,357

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			Totals
	Assessor's Amendment no. 79	Airport Grant	Sheriff's Grant	Library Board	Airport	County Jail	Airport Revenue Bonds	
EXPENDITURES (CONTINUED)								
Debt Service:								
Bond principal						\$ 370,000	\$ 29,283	\$ 399,283
Bond interest and other charges						74,622	26,366	100,988
Note Principal					\$ 11,175			11,175
Note interest					5,915			5,915
TOTAL EXPENDITURES	\$ 10,384		\$ 125,549	\$ 853,436	225,390	444,622	55,649	3,722,718
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,080	\$ 3,367	(33,299)	8,706	60,738	17,142	(55,076)	219,351
OTHER FINANCING SOURCES (USES)								
Transfers in							55,650	66,080
Transfers out					(55,650)			(90,382)
TOTAL OTHER FINANCING SOURCES (USES)					(55,650)		55,650	(24,302)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	27,080	3,367	(33,299)	8,706	5,088	17,142	574	195,049
FUND BALANCES - JANUARY 1	21,062	148,217	33,596	199,629	116,347	771,292	77,445	3,073,462
FUND BALANCES - DECEMBER 31	<u>\$ 48,142</u>	<u>\$ 151,584</u>	<u>\$ 297</u>	<u>\$ 208,335</u>	<u>\$ 121,435</u>	<u>\$ 788,434</u>	<u>\$ 78,019</u>	<u>\$ 3,268,511</u>

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
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 an historical building located in the County known as the Wolf House. Fund is restricted by 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.

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
Special Jail Fee	Ark. Code Ann. §16-17-129 allows a county to levy an additional fine not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.
Office of Emergency Services (OES) / Homeland Security	Fund established to receive and disburse state and federal grant monies related to the Office of Emergency Services. Fund is restricted by Grantor.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that one percent of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 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 Baxter County 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.
County Jail	Baxter County Ordinance no. 2002-27 (February 20, 2002) established fund to maintain 10% of revenue bond proceeds in reserve and to make principal and interest payments on revenue bonds (Hospital Lease Revenue).
Airport Revenue Bonds	Baxter County Ordinance no. 2001-68 (June 5, 2001) established fund to receive airport revenues and make principal and interest payments on revenue bonds.

BAXTER COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
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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 settlement, bond, evidence, and inmate trust money.

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.

District court probation accounts consist primarily of probation fees awaiting disposition.

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

BAXTER COUNTY, ARKANSAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2009
(Unaudited)

Schedule 3

	<u>December 31, 2009</u>
Land and Buildings	\$ 10,768,050
Improvements	3,183,678
Equipment	<u>10,673,229</u>
Total	<u>\$ 24,624,957</u>

BAXTER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2009
(Unaudited)

Schedule 4

<u>General</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Assets	\$ 4,712,135	\$ 3,177,266	\$ 2,510,824	\$ 3,078,144	\$ 3,238,454
Total Liabilities	2,000,900	771,579	599,940	547,724	522,097
Total Fund Balances	2,711,235	2,405,687	1,910,884	2,530,420	2,716,357
Net Revenues	12,032,003	7,708,314	6,924,276	6,447,265	6,005,903
Total Expenditures	11,307,557	6,927,953	6,840,902	6,043,216	5,637,026
<u>Road</u>					
Total Assets	\$ 885,601	\$ 925,968	\$ 610,392	\$ 477,453	\$ 758,672
Total Liabilities	92,005	40,253	13,291	10,850	10,041
Total Fund Balances	793,596	885,715	597,101	466,603	748,631
Net Revenues	3,229,282	3,488,563	2,894,401	2,511,654	3,130,299
Total Expenditures	3,764,601	3,514,450	3,711,502	3,095,071	3,414,896
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 4,126,408	\$ 3,933,594	\$ 3,703,451	\$ 4,047,508	\$ 3,074,277
Total Liabilities	857,897	860,132	774,246	1,066,871	632,031
Total Fund Balances	3,268,511	3,073,462	2,929,205	2,980,637	2,442,246
Net Revenues	3,942,069	4,955,700	3,915,023	4,336,454	3,349,258
Total Expenditures	3,722,718	4,796,000	3,851,766	4,086,660	3,663,855

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