

Baxter County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2010

LEGISLATIVE JOINT AUDITING COMMITTEE



BAXTER COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Independent Auditor's Report
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*

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPORTING SCHEDULES

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

SUPPLEMENTARY INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	4

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Rep. Tim Summers
House Chair
Sen. David Wyatt
Senate Vice Chair
Rep. Toni Bradford
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Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

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, 2010 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, 2010, 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.

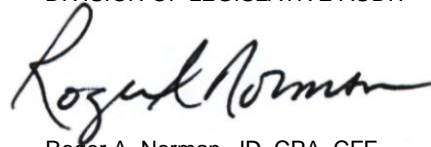
The financial statements referred to above do not disclose all the required information concerning deposit risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

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, 2010, 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 July 21, 2011 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 fluid and cursive, with the first name "Roger" being particularly prominent.

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

Little Rock, Arkansas
July 21, 2011
LOCO00310

Sen. Bill Pritchard
Senate Chair
Rep. Tim Summers
House Chair
Sen. David Wyatt
Senate Vice Chair
Rep. Toni Bradford
House Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

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, 2010, and have issued our report thereon dated July 21, 2011. 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 material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

2010-1 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 2010:

County Judge: Joe Bodenhamer
Treasurer: Nelda Speaks
Sheriff: John Montgomery
Tax Collector: Willa Mae Tilley
County and Circuit Clerk: Rhonda Porter
District Court Clerk: Kim Vinson
County Librarian: Gwen Khayat

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

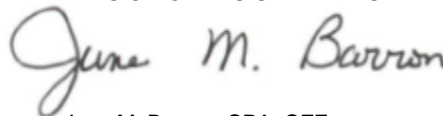
The following information system weakness was discovered during a review of computers:

District Court Clerk

The Disaster Recovery Plan in place was inadequate (both technical and end-user) for restoring from short-term or long-term interruptions of computer processing. This situation could cause the entity to be without computer processing for an extended period of time in the event of a disaster or major interruption and could also place a financial and personnel burden on the resources of the entity.

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
July 21, 2011

BAXTER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,797,468	\$ 550,190	\$ 4,366,426
Accounts receivable	454,611	228,209	260,030
Interfund receivables	410		
	\$ 3,252,489	\$ 778,399	\$ 4,626,456
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 151,911	\$ 43,217	\$ 92,946
Interfund payables			410
Settlements pending	747,665		742,662
Total Liabilities	899,576	43,217	836,018
Fund Balances:			
Reserved (Note 8)		735,182	3,792,110
Unreserved:			
Designated (Note 10)	20,223		
Undesignated	2,332,690		(1,672)
Total Fund Balances	2,352,913	735,182	3,790,438
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,252,489	\$ 778,399	\$ 4,626,456

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, 2010

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 972,453	\$ 1,585,260	\$ 274,951
Federal aid	47,910	271,794	191,239
Property taxes	505,936	992,737	509,093
Sales taxes	3,499,891		
Fines, forfeitures, and costs	500,612		240,728
Interest	37,975	5,551	40,891
Officers' fees	179,549		436,317
911 fees			411,425
Jail fees	207,188		
School district contributions			875,835
Hospital lease	149,545		450,455
Treasurer's commission	94,013		31,443
Collector's commission	258,433		101,061
Taxes apportioned - Assessor's salary and expense	435,945		
Hangar fees			91,392
Other	198,788	118,997	136,276
	7,088,238	2,974,339	3,791,106
TOTAL REVENUES			
Less: Treasurer's commission	49,488	21,955	23,035
	7,038,750	2,952,384	3,768,071
NET REVENUES			
EXPENDITURES			
Current:			
General government	2,426,584		593,589
Law enforcement	3,715,299		223,713
Highways and streets	30,543	3,431,014	
Public safety	624,316		412,477
Health	38,454		
Recreation and culture	21,000		768,499
Social services	53,585		
Education			803,378
Airport	58,605		150,861
Total Current	6,968,386	3,431,014	2,952,517
Debt Service:			
Bond principal			425,756
Bond interest and other charges			83,235
Lease principal		65,574	
Lease interest		7,216	
Note principal			12,879
Note interest			5,721
	6,968,386	3,503,804	3,480,108
TOTAL EXPENDITURES			

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 70,364	\$ (551,420)	\$ 287,963
OTHER FINANCING SOURCES (USES)			
Transfers in	128,415	555,476	57,275
Transfers out	(557,101)	(62,470)	(121,595)
Sale of building			298,284
	(428,686)	493,006	233,964
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(358,322)	(58,414)	521,927
FUND BALANCES - JANUARY 1	2,711,235	793,596	3,268,511
FUND BALANCES - DECEMBER 31	\$ 2,352,913	\$ 735,182	\$ 3,790,438

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, 2010

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 880,298	\$ 972,453	\$ 92,155	\$ 1,491,925	\$ 1,585,260	\$ 93,335
Federal aid	48,872	47,910	(962)	246,837	271,794	24,957
Property taxes	424,685	505,936	81,251	914,090	992,737	78,647
Sales taxes	3,485,000	3,499,891	14,891			
Fines, forfeitures, and costs	415,786	500,612	84,826			
Interest	6,603	37,975	31,372	3,590	5,551	1,961
Officers' fees	200,861	179,549	(21,312)			
Jail fees	200,000	207,188	7,188			
Hospital lease	150,360	149,545	(815)			
Treasurer's commission	265,000	94,013	(170,987)			
Collector's commission	775,000	258,433	(516,567)			
Taxes apportioned - Assessor's salary and expense	575,000	435,945	(139,055)			
Other	277,429	198,788	(78,641)	104,103	118,997	14,894
TOTAL REVENUES	7,704,894	7,088,238	(616,656)	2,760,545	2,974,339	213,794
Less: Treasurer's commission		49,488	(49,488)		21,955	(21,955)
NET REVENUES	7,704,894	7,038,750	(666,144)	2,760,545	2,952,384	191,839
EXPENDITURES						
Current:						
General government	2,767,806	2,426,584	341,222			
Law enforcement	3,831,826	3,715,299	116,527			
Highways and streets	29,515	30,543	(1,028)	3,612,392	3,431,014	181,378
Public safety	634,408	624,316	10,092			
Health	50,064	38,454	11,610			
Recreation and culture	21,000	21,000				
Social services	53,955	53,585	370			
Airport	61,352	58,605	2,747			
Total Current	7,449,926	6,968,386	481,540	3,612,392	3,431,014	181,378
Debt Service:						
Lease principal					65,574	(65,574)
Lease interest					7,216	(7,216)
TOTAL EXPENDITURES	7,449,926	6,968,386	481,540	3,612,392	3,503,804	108,588

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, 2010

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 254,968	\$ 70,364	\$ (184,604)	\$ (851,847)	\$ (551,420)	\$ 300,427
OTHER FINANCING SOURCES (USES)						
Transfers in		128,415	128,415	555,475	555,476	1
Transfers out	(555,475)	(557,101)	(1,626)	(62,470)	(62,470)	(62,470)
TOTAL OTHER FINANCING SOURCES (USES)	(555,475)	(428,686)	126,789	555,475	493,006	(62,469)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(300,507)	(358,322)	(57,815)	(296,372)	(58,414)	237,958
FUND BALANCES - JANUARY 1	2,711,235	2,711,235		793,596	793,596	
FUND BALANCES - DECEMBER 31	<u>\$ 2,410,728</u>	<u>\$ 2,352,913</u>	<u>\$ (57,815)</u>	<u>\$ 497,224</u>	<u>\$ 735,182</u>	<u>\$ 237,958</u>

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

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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: County Recorder's Cost, Public Defender, Boating Safety, Sheriff's Special, CMRS 911 Board (Commercial Mobile Radio Service), Communication Facility and Equipment (Sheriff's Radio), Child Support Cost, Treasurer's Automation, 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, Circuit Bond, Commissary, and Seizure); County and Circuit Clerk (Fee and Trust); District Court; District Court Probation; and Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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. Designated Fund Balance indicates that portion of fund balance for which the entity has made tentative plans for financial resource utilization in a future period.
3. 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 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, 2010

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, 2010 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 88,892	\$ 103,678	\$ 27,315
Federal aid		51,640	2,000
Property taxes	7,868	39,101	18,140
Sales taxes	277,906		
Fines, forfeitures, and costs	28,965		11,000
Interest	2,500	711	3,952
Officers' fees	6,170		41,305
School district contributions			84,790
911 fees			17,463
Jail fees	16,553		
Other	25,757	33,079	54,065
Totals	<u>\$ 454,611</u>	<u>\$ 228,209</u>	<u>\$ 260,030</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2010 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 133,187	\$ 35,436	\$ 85,874
Payroll taxes payable	18,724	7,781	7,072
Totals	<u>\$ 151,911</u>	<u>\$ 43,217</u>	<u>\$ 92,946</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2010	
	Interfund Receivables	Interfund Payables
General Fund	\$ 410	
Other Funds in the Aggregate:		
Special Revenue Fund:		
Sheriff's Special		\$ 410
Totals	<u>\$ 410</u>	<u>\$ 410</u>

Interfund receivables and payables consist of errors in depositing restricted revenues. This balance was repaid on April 19, 2011.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2010, the legal debt limit for bonded debt was \$61,555,308. 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, 2010, the legal debt limit for short-term financing obligations was \$16,129,980. The amount of short-term financing obligations was \$202,328 leaving a legal debt margin of \$15,927,652.

NOTE 8: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2010
<u>Road</u>	\$ 735,182
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
County Recorder's Cost	\$ 646,495
Public Defender	57,273
Boating Safety	22,872
Sheriff's Special	40,664
CMRS 911 Board (Commercial Mobile Radio Service)	478,696
Communication Facility and Equipment	14,125
Child Support Cost	45,415
Treasurer's Automation	15,783
Wolf House	1,405
Grant	108,961
Collector's Automation	365,824
Special Jail Fee	133,905
Court Automation	95,753
Assessor's Amendment no. 79	61,465
Airport Grant	153,862
Sheriff's Grant	741
Library Board	550,737
Airport	126,776
Total Special Revenue	2,920,752
Debt Service Funds:	
County Jail	792,852
Airport Revenue Bonds	78,506
Total Debt Service	871,358
Total Other Funds in the Aggregate	\$ 3,792,110

NOTE 9: Deficit Fund Balances

The following fund has a deficit fund balance as of December 31, 2010:

	December 31, 2010
<u>Other Funds in the Aggregate</u>	
Special Revenue Fund:	
Office of Emergency Services (OES)/Homeland Security	\$ (1,672)

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 10: General Fund - Designated Fund Balance

General Fund designated fund balance consists of the following:

Description	December 31, 2010
County matching funds for a grant for future expansion of the county health unit	<u>\$ 20,223</u>

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2010:

	December 31, 2010
Long-term liabilities	\$ 1,521,249
Reappraisal contract	756,648
Total Commitments	<u>\$ 2,277,897</u>

Long-term Liabilities

Long-term Liabilities at December 31, 2010 are comprised of the following:

	December 31, 2010
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, equipping, and expanding 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.	\$ 840,000
Bonded indebtedness, dated December 18, 2001, entitled Baxter County, Arkansas, Airport Revenue Bonds in the amount of \$701,000 with interest rate of five percent. 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.	478,921
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.	63,370
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 payment are \$2,339 for 60 months. Payments are to be made from the Road Fund.	20,620
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.	118,338
Total Long-Term Debt	<u>\$ 1,521,249</u>

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

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 11: Commitments (Continued)

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, 2010:

Years Ending December 31,	Bonds	Notes	Leases	Total
2011	\$ 504,720	\$ 18,600	\$ 65,773	\$ 589,093
2012	505,860	18,600	22,101	546,561
2013	55,650	18,600		74,250
2014	55,650	18,600		74,250
2015	55,650	18,600		74,250
2016 through 2020	278,248	47,059		325,307
2021 through 2022	73,318			73,318
Total Obligations	1,529,096	140,059	87,874	1,757,029
Less Interest	210,175	21,721	3,884	235,780
Total Principal	<u>\$ 1,318,921</u>	<u>\$ 118,338</u>	<u>\$ 83,990</u>	<u>\$ 1,521,249</u>

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 two years:

Year	Amount
2011	\$ 378,324
2012	378,324
Total	<u>\$ 756,648</u>

NOTE 12: Interfund Transfers

The General Fund transferred \$555,476 and \$1,625 to the Road Fund and Other Funds in the Aggregate (Wolf House), respectively, for operations. The Road Fund and Other Funds in the Aggregate (Grant, CMRS 911 Board, and Court Automation) transferred \$62,470, \$64,012, \$1,586, and \$347, respectively, to the General Fund for reimbursements of expenditures. The Other Funds in the Aggregate transfers between funds were as follows: Airport Fund transferred \$55,650 to the Airport Revenue Bonds Debt Service Fund for debt service payments.

NOTE 13: Jointly Governed Organization

Baxter County paid the Northwest Arkansas Regional Solid Waste District d/b/a Nabors Hauling and Landfill \$12,723 during 2010. The 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. In April 2011, the District changed its name to the Ozark Mountain Solid Waste District.

The Quorum Court passed Baxter County Ordinance no. 2010-18 (March 2, 2010) adopting an Interlocal Alliance Agreement between Baxter and Marion Counties and the City of Mountain Home for the purpose of purchasing the Nabors Landfill and Hauling Operation. The North Arkansas Board of Regional Sanitation was then formed by Baxter and Marion Counties and the City of Mountain Home to operate, maintain, and improve the Nabors Landfill and Hauling Operation. The Board of Directors consists of seven persons: the mayor and judges from the respective members and one selected by the legislative body of each member. These six select the seventh member. At audit date, the purchase of Nabors Landfill and Hauling from the Northwest Arkansas Regional Solid Waste District had not been finalized.

BAXTER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14: Pledged Revenues

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 was \$840,000 and \$59,280, respectively, payable through June, 2012. For the current year, principal and interest paid and total hospital lease revenues were \$395,000, \$56,845, and \$600,000, respectively.

The County has pledged future airport hangar revenue to repay \$701,000 in bonds that were issued in 2001 to finance the construction of airport hangars. Total principal and interest remaining on the bonds was \$478,921 and \$150,895, respectively, payable through December 2022. For the current year, principal and interest paid and total airport hangar revenues were \$30,756, \$24,894, and \$91,392, respectively.

NOTE 15: Long-term Note Receivable

Baxter County received a promissory note dated August, 2010 from the City of Mountain Home for the sale of a county-owned building. Principal amount is \$200,000 with two consecutive annual installments of \$100,000 and no interest. This note receivable is not included in the accompanying financial statements.

NOTE 16: 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.

NOTE 17: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation.

BAXTER COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 18: Revenue Bond Issues

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

Corporation	Ordinance no. Authorizing Issuance	Date of Issuance	Original Amount of Bonds Issued	Bonds Outstanding as of December 31, 2010
Aeroquip Corporation	83-97	10/01/93	\$ 7,200,000	\$ 7,200,000
Baxter County Regional Hospital	99-33	05/01/99	79,845,000	65,460,000
Totals			<u>\$ 87,045,000</u>	<u>\$ 72,660,000</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, 2010

Schedule 1

SPECIAL REVENUE FUNDS

	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation	Wolf House
ASSETS									
Cash and cash equivalents	\$ 632,374	\$ 65,612	\$ 21,021	\$ 40,669	\$ 477,028	\$ 11,175	\$ 45,379	\$ 15,894	\$ 1,449
Accounts receivable	42,425	430	1,851	540	23,017	4,307	282	18	1
TOTAL ASSETS	\$ 674,799	\$ 66,042	\$ 22,872	\$ 41,209	\$ 500,045	\$ 15,482	\$ 45,661	\$ 15,912	\$ 1,450
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 28,304	\$ 8,769		\$ 135	\$ 21,349	\$ 1,357	\$ 246	\$ 129	\$ 45
Interfund payables				410					
Settlements pending									
Total Liabilities	28,304	8,769		545	21,349	1,357	246	129	45
Fund Balances:									
Reserved (Note 8)	646,495	57,273	\$ 22,872	40,664	478,696	14,125	45,415	15,783	1,405
Unreserved:									
Undesignated									
Total Fund Balances	646,495	57,273	22,872	40,664	478,696	14,125	45,415	15,783	1,405
TOTAL LIABILITIES AND FUND BALANCES	\$ 674,799	\$ 66,042	\$ 22,872	\$ 41,209	\$ 500,045	\$ 15,482	\$ 45,661	\$ 15,912	\$ 1,450

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2010

Schedule 1

	SPECIAL REVENUE FUNDS									
	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	Airport
ASSETS										
Cash and cash equivalents	\$ 12,291	\$ 365,404	\$ 124,383	\$ 94,565	\$ (3,672)	\$ 48,364	\$ 153,645	\$ 741	\$ 524,603	\$ 122,094
Accounts receivable	108,928	420	11,242	1,304	2,000	13,101	217		44,652	4,682
TOTAL ASSETS	<u>\$ 121,219</u>	<u>\$ 365,824</u>	<u>\$ 135,625</u>	<u>\$ 95,869</u>	<u>\$ (1,672)</u>	<u>\$ 61,465</u>	<u>\$ 153,862</u>	<u>\$ 741</u>	<u>\$ 569,255</u>	<u>\$ 126,776</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 12,258		\$ 1,720	\$ 116					\$ 18,518	
Interfund payables										
Settlements pending										
Total Liabilities	<u>12,258</u>		<u>1,720</u>	<u>116</u>					<u>18,518</u>	
Fund Balances:										
Reserved (Note 8)	108,961	\$ 365,824	133,905	95,753		\$ 61,465	\$ 153,862	\$ 741	550,737	\$ 126,776
Unreserved:										
Undesignated					\$ (1,672)					
Total Fund Balances	<u>108,961</u>	<u>365,824</u>	<u>133,905</u>	<u>95,753</u>	<u>(1,672)</u>	<u>61,465</u>	<u>153,862</u>	<u>741</u>	<u>550,737</u>	<u>126,776</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 121,219</u>	<u>\$ 365,824</u>	<u>\$ 135,625</u>	<u>\$ 95,869</u>	<u>\$ (1,672)</u>	<u>\$ 61,465</u>	<u>\$ 153,862</u>	<u>\$ 741</u>	<u>\$ 569,255</u>	<u>\$ 126,776</u>

BAXTER COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2010

Schedule 1

	<u>DEBT SERVICE FUNDS</u>		<u>AGENCY FUNDS</u>							
	County Jail	Airport Revenue Bonds	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/Circuit Clerk's Accounts	Juvenile Probation	District Court Accounts	District Court Probation Accounts	Totals
ASSETS										
Cash and cash equivalents	\$ 792,239	\$ 78,506	\$ 50,180	\$ 110,977	\$ 202,831	\$ 208,419	\$ 87,020	\$ 82,354	\$ 881	\$ 4,366,426
Accounts receivable	613									260,030
TOTAL ASSETS	<u>\$ 792,852</u>	<u>\$ 78,506</u>	<u>\$ 50,180</u>	<u>\$ 110,977</u>	<u>\$ 202,831</u>	<u>\$ 208,419</u>	<u>\$ 87,020</u>	<u>\$ 82,354</u>	<u>\$ 881</u>	<u>\$ 4,626,456</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable										\$ 92,946
Interfund payables										410
Settlements pending			\$ 50,180	\$ 110,977	\$ 202,831	\$ 208,419	\$ 87,020	\$ 82,354	\$ 881	742,662
Total Liabilities			<u>50,180</u>	<u>110,977</u>	<u>202,831</u>	<u>208,419</u>	<u>87,020</u>	<u>82,354</u>	<u>881</u>	<u>836,018</u>
Fund Balances:										
Reserved (Note 8)	\$ 792,852	\$ 78,506								3,792,110
Unreserved:										
Undesignated										(1,672)
Total Fund Balances	<u>792,852</u>	<u>78,506</u>								<u>3,790,438</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 792,852</u>	<u>\$ 78,506</u>	<u>\$ 50,180</u>	<u>\$ 110,977</u>	<u>\$ 202,831</u>	<u>\$ 208,419</u>	<u>\$ 87,020</u>	<u>\$ 82,354</u>	<u>\$ 881</u>	<u>\$ 4,626,456</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, 2010

Schedule 2

SPECIAL REVENUE FUNDS								
	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation
REVENUES								
State aid		\$ 2,909	\$ 13,276		\$ 359			
Federal aid								
Property taxes								
Fines, forfeitures, and costs		25,250		\$ 3,808				
Interest	\$ 9,976	960	265	560	5,728	\$ 21	\$ 664	\$ 220
Officers' fees	389,738					40,305	6,274	
911 fees					411,425			
School district contributions								
Hospital lease								
Treasurer's commission								31,443
Collector's commission								
Hangar fees								
Other	5,262	370	219	8,355	4,273	210	102	
TOTAL REVENUES	404,976	29,489	13,760	12,723	421,785	40,536	7,040	31,663
Less: Treasurer's commission	3,171	232	113	97	3,335		54	
NET REVENUES	401,805	29,257	13,647	12,626	418,450	40,536	6,986	31,663
EXPENDITURES								
Current:								
General government	505,291							34,990
Law enforcement		34,560	7,459	9,234		32,155		
Public safety					337,916			
Recreation and culture								
Education								
Airport								
Total Current	505,291	34,560	7,459	9,234	337,916	32,155	2,879	34,990
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								
Note interest								
TOTAL EXPENDITURES	505,291	34,560	7,459	9,234	337,916	32,155	2,879	34,990

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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS							
	County Recorder's Cost	Public Defender	Boating Safety	Sheriff's Special	CMRS 911 Board (Commercial Mobile Radio Service)	Communication Facility and Equipment (Sheriff's Radio)	Child Support Cost	Treasurer's Automation
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (103,486)	\$ (5,303)	\$ 6,188	\$ 3,392	\$ 80,534	\$ 8,381	\$ 4,107	\$ (3,327)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out					(1,586)			
Sale of building								
TOTAL OTHER FINANCING SOURCES (USES)					(1,586)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(103,486)	(5,303)	6,188	3,392	78,948	8,381	4,107	(3,327)
FUND BALANCES - JANUARY 1	749,981	62,576	16,684	37,272	399,748	5,744	41,308	19,110
FUND BALANCES - DECEMBER 31	<u>\$ 646,495</u>	<u>\$ 57,273</u>	<u>\$ 22,872</u>	<u>\$ 40,664</u>	<u>\$ 478,696</u>	<u>\$ 14,125</u>	<u>\$ 45,415</u>	<u>\$ 15,783</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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS							
	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
REVENUES								
State aid		\$ 72,668					\$ 12,837	
Federal aid		13,799				\$ 64,784		
Property taxes								
Fines, forfeitures, and costs				\$ 132,217	\$ 14,231			
Interest	\$ 24	897	\$ 4,484	1,508	1,337	30	707	\$ 2,256
Officers' fees								
911 fees								
School district contributions		875,835						
Hospital lease								
Treasurer's commission								
Collector's commission			101,061					
Hangar fees								
Other	1	14,406	57	609	189	2	265	40
TOTAL REVENUES	25	977,605	105,602	134,334	15,757	64,816	13,809	2,296
Less: Treasurer's commission		6,470	35	939	125		136	18
NET REVENUES	25	971,135	105,567	133,395	15,632	64,816	13,673	2,278
EXPENDITURES								
Current:								
General government			50,079				350	
Law enforcement		74,093		51,179	6,763			
Public safety						74,561		
Recreation and culture	3,449							
Education		803,378						
Airport								
Total Current	3,449	877,471	50,079	51,179	6,763	74,561	350	
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								
Note interest								
TOTAL EXPENDITURES	3,449	877,471	50,079	51,179	6,763	74,561	350	

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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS							
	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
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,424)	\$ 93,664	\$ 55,488	\$ 82,216	\$ 8,869	\$ (9,745)	\$ 13,323	\$ 2,278
OTHER FINANCING SOURCES (USES)								
Transfers in	1,625							
Transfers out		(64,012)			(347)			
Sale of building								
TOTAL OTHER FINANCING SOURCES (USES)	1,625	(64,012)			(347)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,799)	29,652	55,488	82,216	8,522	(9,745)	13,323	2,278
FUND BALANCES - JANUARY 1	3,204	79,309	310,336	51,689	87,231	8,073	48,142	151,584
FUND BALANCES - DECEMBER 31	<u>\$ 1,405</u>	<u>\$ 108,961</u>	<u>\$ 365,824</u>	<u>\$ 133,905</u>	<u>\$ 95,753</u>	<u>\$ (1,672)</u>	<u>\$ 61,465</u>	<u>\$ 153,862</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, 2010

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		Totals
	Sheriff's Grant	Library Board	Airport	County Jail	Airport Revenue Bonds	
REVENUES						
State aid		\$ 172,902				\$ 274,951
Federal aid	\$ 8,706		\$ 103,950			191,239
Property taxes		509,093				509,093
Fines, forfeitures, and costs		65,222				240,728
Interest	8	3,237	218	\$ 7,304	\$ 487	40,891
Officers' fees						436,317
911 fees						411,425
School district contributions						875,835
Hospital lease				450,455		450,455
Treasurer's commission						31,443
Collector's commission						101,061
Hangar fees			91,392			91,392
Other		67,024	34,892			136,276
TOTAL REVENUES	8,714	817,478	230,452	457,759	487	3,791,106
Less: Treasurer's commission		8,310				23,035
NET REVENUES	8,714	809,168	230,452	457,759	487	3,768,071
EXPENDITURES						
Current:						
General government						593,589
Law enforcement	8,270					223,713
Public safety						412,477
Recreation and culture		765,050				768,499
Education						803,378
Airport			150,861			150,861
Total Current	8,270	765,050	150,861			2,952,517
Debt Service:						
Bond principal				395,000	30,756	425,756
Bond interest and other charges				58,341	24,894	83,235
Note principal			12,879			12,879
Note interest			5,721			5,721
TOTAL EXPENDITURES	8,270	765,050	169,461	453,341	55,650	3,480,108

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, 2010

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>			<u>DEBT SERVICE FUNDS</u>		<u>Totals</u>
	<u>Sheriff's Grant</u>	<u>Library Board</u>	<u>Airport</u>	<u>County Jail</u>	<u>Airport Revenue Bonds</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 444	\$ 44,118	\$ 60,991	\$ 4,418	\$ (55,163)	\$ 287,963
OTHER FINANCING SOURCES (USES)						
Transfers in					55,650	57,275
Transfers out			(55,650)			(121,595)
Sale of building		298,284				298,284
TOTAL OTHER FINANCING SOURCES (USES)		298,284	(55,650)		55,650	233,964
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	444	342,402	5,341	4,418	487	521,927
FUND BALANCES - JANUARY 1	297	208,335	121,435	788,434	78,019	3,268,511
FUND BALANCES - DECEMBER 31	<u>\$ 741</u>	<u>\$ 550,737</u>	<u>\$ 126,776</u>	<u>\$ 792,852</u>	<u>\$ 78,506</u>	<u>\$ 3,790,438</u>

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2010

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Sheriff's Special	Fund established to account for drug restitution ordered by Circuit Court to be used for drug eradication and court cost collected to fund the County's breathalyzer expenses as authorized by Ark. Code Ann. § 16-10-307.
CMRS 911 Board (Commercial Mobile Radio Service)	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Communication Facility and Equipment (Sheriff's Radio)	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission funds to be used for communication equipment and repair and to train operations staff.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to ten percent 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 historic building located in the County known as the Wolf House. Fund is restricted by donor.
Grant	Fund established to receive and disburse state and federal 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 ten percent of Collector's gross commissions to operate the Collector's office and to purchase, maintain, and operate an automated record keeping system.
Special Jail Fee	Ark. Code Ann. §16-17-129 allows a county to levy an additional fine not to exceed \$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.

BAXTER COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2010

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

<u>Fund Name</u>	<u>Fund Description</u>
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 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 ten percent of revenue bond proceeds in reserve and to make principal and interest payments on revenue bonds (Hospital Lease Revenues).
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.

Treasurer's accounts consist primarily of property taxes 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 bond, evidence, and inmate trust money.

County/Circuit Clerk's accounts consist primarily of fee money to be settled with Treasurer and 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, 2010
(Unaudited)

Schedule 3

	<u>December 31, 2010</u>
Land and Buildings	\$ 10,233,051
Improvements	2,913,678
Equipment	<u>10,575,919</u>
Total	<u>\$ 23,722,648</u>

BAXTER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2010
(Unaudited)

Schedule 4

<u>General</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Assets	\$ 3,252,489	\$ 4,712,135	\$ 3,177,266	\$ 2,510,824	\$ 3,078,144
Total Liabilities	899,576	2,000,900	771,579	599,940	547,724
Total Fund Balances	2,352,913	2,711,235	2,405,687	1,910,884	2,530,420
Net Revenues	7,038,750	12,032,003	7,708,314	6,924,276	6,447,265
Total Expenditures	6,968,386	11,307,557	6,927,953	6,840,902	6,043,216
Total Other Financing Sources/Uses	(428,686)	(418,898)	(285,558)	(738,324)	(589,986)
<u>Road</u>					
Total Assets	\$ 778,399	\$ 885,601	\$ 925,968	\$ 610,392	\$ 477,453
Total Liabilities	43,217	92,005	40,253	13,291	10,850
Total Fund Balances	735,182	793,596	885,715	597,101	466,603
Net Revenues	2,952,384	3,229,282	3,488,563	2,894,401	2,511,654
Total Expenditures	3,503,804	3,764,601	3,514,450	3,711,502	3,095,071
Total Other Financing Sources/Uses	493,006	443,200	314,501	947,599	301,389
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 4,626,456	\$ 4,126,408	\$ 3,933,594	\$ 3,703,451	\$ 4,047,508
Total Liabilities	836,018	857,897	860,132	774,246	1,066,871
Total Fund Balances	3,790,438	3,268,511	3,073,462	2,929,205	2,980,637
Net Revenues	3,768,071	3,942,069	4,955,700	3,915,023	4,336,454
Total Expenditures	3,480,108	3,722,718	4,796,000	3,851,766	4,086,660
Total Other Financing Sources/Uses	233,964	(24,302)	(15,443)	(79,275)	288,597

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