

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

**December 31, 2015**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# Arkansas

**Sen. Jimmy Hickey, Jr.**  
Senate Chair  
**Sen. Lance Eads**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Mary Bentley**  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Baxter County, Arkansas, as of December 31, 2015, or the revenues, expenditures, and changes in net position and where applicable, cash flows, thereof for the year then ended.

### ***Basis for Qualified Opinions on Regulatory Basis of Accounting***

The County's financial statements do not disclose all the required information concerning deposit risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

### ***Qualified Opinions on Regulatory Basis of Accounting***

In our opinion, except for the omission of the information described in the "Basis for Qualified Opinions on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2015, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and road fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the omission of the information described above, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
November 3, 2016  
LOCO00315

# Arkansas

**Sen. Jimmy Hickey, Jr.**  
Senate Chair  
**Sen. Lance Eads**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Mary Bentley**  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2016. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies to be material weaknesses:

2015-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, again did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible

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

2015-2 Arkansas Code requires county management to maintain accurate financial records. Other Funds in the Aggregate financial records contained material misstatements for assets, revenues, and expenditures of \$21,478, \$150,885, and \$209,407, respectively, due to errors in accounts receivable and classification of revenues and expenditures. The effects of these misstatements constitute a significant control deficiency in the process of preparing financial records. The County Judge, County and Circuit Clerk, and Airport Manager should implement procedures to ensure that all assets, revenues, and expenditures are properly recorded in the future.

The County Judge, County and Circuit Clerk, and Airport Manager have concurred with the above recommendations and have approved the appropriate entries to the County's financial records.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Internal Control over Financial Reporting section as item 2015-2.

#### Entity's Response to Findings

The County's response to the findings identified in our audit is described above. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Other Issues

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

The commentary contained in this section relates to the following officials that held office during 2015:

County Judge: Mickey Pendergrass  
Treasurer: Jenay Mize  
Sheriff: John Montgomery  
Tax Collector: Teresa Smith  
County and Circuit Clerk: Canda Reese  
County Librarian: Gwen Khayat (January 1, 2015 through June 30, 2015);  
Kim Crow Sheaner (July 1, 2015 through December 31, 2015)  
Airport Manager: Kathy Frederick

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 3, 2016

BAXTER COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,311,445	\$ 1,671,805	\$ 3,228,579
Accounts receivable	492,207	6,275	239,539
Interfund receivables	11,555		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u><u>\$ 3,815,207</u></u>	<u><u>\$ 1,678,080</u></u>	<u><u>\$ 3,468,118</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 95,770	\$ 106,043	\$ 44,929
Interfund payables			11,555
Settlements pending	744,902		570,292
Total Liabilities	<u>840,672</u>	<u>106,043</u>	<u>626,776</u>
 Fund Balances:			
Restricted		1,572,037	2,783,005
Committed	81,926		
Assigned	1,356,208		58,337
Unassigned	1,536,401		
Total Fund Balances	<u>2,974,535</u>	<u>1,572,037</u>	<u>2,841,342</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,815,207</u></u>	<u><u>\$ 1,678,080</u></u>	<u><u>\$ 3,468,118</u></u>

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

BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 703,412	\$ 2,029,068	\$ 273,328
Federal aid	30,000	298,491	464,387
Property taxes	633,015	1,152,626	551,565
Sales taxes	3,767,559		4,189
Fines, forfeitures, and costs	514,945		174,678
Interest	32,658	21,299	23,873
Officers' fees	118,915		372,624
Jail fees	553,786		
Local fees			25,963
911 fees			503,897
Hanger fees			114,323
Donations			306,581
Insurance proceeds		118,916	
Treasurer's commission	130,250		32,669
Collector's commission	309,031		108,279
Taxes apportioned - Assessor's salary and expense	531,388		
Other	420,145	139,901	102,757
	<u>7,745,104</u>	<u>3,760,301</u>	<u>3,059,113</u>
TOTAL REVENUES			
Less: Treasurer's commission	69,814	70,218	31,528
	<u>7,675,290</u>	<u>3,690,083</u>	<u>3,027,585</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	2,310,864		554,444
Law enforcement	4,298,625		179,989
Highways and streets	39,017	3,732,076	
Public safety	593,115		513,682
Health	25,916		22,704
Recreation and culture	3,500		1,158,739
Social services	97,637		
Airport	65,738		641,743
Total Current	<u>7,434,412</u>	<u>3,732,076</u>	<u>3,071,301</u>
Debt Service:			
Bond principal			27,391
Bond interest and other charges			17,038
Lease principal		75,350	27,646
	<u>7,434,412</u>	<u>3,807,426</u>	<u>3,143,376</u>
TOTAL EXPENDITURES			



BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 240,878</u>	<u>\$ (117,343)</u>	<u>\$ (115,791)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	66,762	1,955	70,341
Transfers out	<u>(27,867)</u>	<u>(33,548)</u>	<u>(77,643)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>38,895</u>	<u>(31,593)</u>	<u>(7,302)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	279,773	(148,936)	(123,093)
FUND BALANCES - JANUARY 1	<u>2,694,762</u>	<u>1,720,973</u>	<u>2,964,435</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,974,535</u></u>	<u><u>\$ 1,572,037</u></u>	<u><u>\$ 2,841,342</u></u>

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

BAXTER COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 622,156	\$ 703,412	\$ 81,256	\$ 1,447,600	\$ 2,029,068	\$ 581,468
Federal aid		30,000	30,000	260,000	298,491	38,491
Property taxes	506,916	633,015	126,099	1,115,825	1,152,626	36,801
Sales taxes	3,603,000	3,767,559	164,559	467,907		(467,907)
Fines, forfeitures, and costs	393,675	514,945	121,270			
Interest	6,150	32,658	26,508	15,450	21,299	5,849
Officers' fees	101,655	118,915	17,260			
Jail fees	217,700	553,786	336,086			
Insurance proceeds					118,916	118,916
Treasurer's commission		130,250	130,250			
Collector's commission	953,000	309,031	(643,969)			
Taxes apportioned - Assessor's salary and expense	578,000	531,388	(46,612)			
Other	380,620	420,145	39,525	66,000	139,901	73,901
<b>TOTAL REVENUES</b>	<b>7,362,872</b>	<b>7,745,104</b>	<b>382,232</b>	<b>3,372,782</b>	<b>3,760,301</b>	<b>387,519</b>
Less: Treasurer's commission		69,814	(69,814)		70,218	(70,218)
<b>NET REVENUES</b>	<b>7,362,872</b>	<b>7,675,290</b>	<b>312,418</b>	<b>3,372,782</b>	<b>3,690,083</b>	<b>317,301</b>
EXPENDITURES						
Current:						
General government	2,977,500	2,310,864	666,636			
Law enforcement	4,078,666	4,298,625	(219,959)			
Highways and streets		39,017	(39,017)	4,546,191	3,732,076	814,115
Public safety	580,540	593,115	(12,575)			
Health	56,297	25,916	30,381			
Recreation and culture	5,605	3,500	2,105			
Social services	105,738	97,637	8,101			
Airport	64,114	65,738	(1,624)			
Total Current	7,868,460	7,434,412	434,048	4,546,191	3,732,076	814,115
Debt Service:						
Lease principal					75,350	(75,350)
<b>TOTAL EXPENDITURES</b>	<b>7,868,460</b>	<b>7,434,412</b>	<b>434,048</b>	<b>4,546,191</b>	<b>3,807,426</b>	<b>738,765</b>

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, 2015

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (505,588)	\$ 240,878	\$ 746,466	\$ (1,173,409)	\$ (117,343)	\$ 1,056,066
OTHER FINANCING SOURCES (USES)						
Transfers in	263,800	66,762	(197,038)		1,955	1,955
Transfers out	(40,000)	(27,867)	12,133		(33,548)	(33,548)
TOTAL OTHER FINANCING SOURCES (USES)	223,800	38,895	(184,905)		(31,593)	(31,593)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(281,788)	279,773	561,561	(1,173,409)	(148,936)	1,024,473
FUND BALANCES - JANUARY 1	2,694,762	2,694,762	0	1,720,973	1,720,973	0
FUND BALANCES - DECEMBER 31	<u>\$ 2,412,974</u>	<u>\$ 2,974,535</u>	<u>\$ 561,561</u>	<u>\$ 547,564</u>	<u>\$ 1,572,037</u>	<u>\$ 1,024,473</u>

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

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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 Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

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

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

**General Fund** - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Baxter County Nursing Home, Animal Control, Hospital Lease, Aviation Reserve, and Sheriff's Drug.

**Road Fund** - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, and federal aid that are restricted or committed for maintaining and constructing roads.

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

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Drug Court Program, Assessor's Amendment no. 79, Boating Safety, Child Support Cost, CMRS 911 Board (Commercial Mobile Radio Service), Circuit Clerk Commission Fee, Collector's Automation, Communication Facility and Equipment, County Clerk's Cost, Special Jail Fee, County Recorder's Cost, Court Automation, Office of Emergency Services (OES)/Homeland Security, Juvenile Probation Fee, Public Defender, Sheriff's Special, Sheriff's Grant, Treasurer's Automation, Juvenile Grant, Library Board, Airport, and Breathalyzer.

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

**Debt Service Funds** - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following Debt Service Fund is reported with other funds in the aggregate: Airport Revenue Bond.

**Agency Funds** - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Agency Funds are reported with other funds in the aggregate: Treasurer (Collector's Unapportioned, Property Tax Relief, and Law Library); Collector (Delinquent Tax and Escrow); Sheriff (Fee, Circuit Court, Commissary, and Seizure); County and Circuit Clerk (Fee and Trust); Juvenile Probation (Fee).

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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 Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

**D. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Quorum Court.
3. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**E. Property Taxes**

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15.

**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.

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budget Law (Continued)**

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other operating funds except for the Communication Facility and Equipment Fund and the Sheriff's Drug account, which is a part of the General Fund.

**G. Fund Balance Classification Policies and Procedures**

The County's highest level of decision-making authority is its Quorum Court. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the Quorum Court through passage of an ordinance. The Quorum Court is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

**NOTE 2: Cash**

Deposit risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement no. 40.

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

**NOTE 4: Accounts Receivable**

The accounts receivable balance at December 31, 2015, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 2,099		\$ 20,978
Federal aid	30,000		21,478
Property taxes	9,106	\$ 6,275	2,762
Sales taxes	307,928		19
Fines, forfeitures, and costs	27,437		10,123
Interest	60		
Officer fees	8,322		30,500
Jail fees	69,844		
Local fees			1,654
911 fees			145,866
Hangar fees			2,662
Other	37,411		3,497
Totals	<u>\$ 492,207</u>	<u>\$ 6,275</u>	<u>\$ 239,539</u>

BAXTER COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**NOTE 5: Accounts Payable**

The accounts payable balance at December 31, 2015, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 93,833	\$ 105,755	\$ 43,098
Payroll taxes payable	1,937	288	1,831
Totals	<u>\$ 95,770</u>	<u>\$ 106,043</u>	<u>\$ 44,929</u>

**NOTE 6: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2015	
	Interfund Receivables	Interfund Payables
General	\$ 11,555	
Other Funds in the Aggregate:		
Special Revenue Funds:		
County Recorder's Cost		\$ 11,555
Totals	<u>\$ 11,555</u>	<u>\$ 11,555</u>

Interfund receivables and payables consist of errors in depositing restricted revenues. These balances were repaid on July 29, 2016.

**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, 2015, the legal debt limit for bonded debt was \$66,399,174. 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, 2015, the legal debt limit for short-term financing obligations was \$17,414,085. The amount of short-term financing obligations was \$852,383, leaving a legal debt margin of \$16,561,702.

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 8: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2015, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 1,127,710
Law enforcement			366,986
Highways and streets		\$ 1,572,037	
Public safety			589,681
Recreation and culture			488,333
Airport			174,188
Debt service			36,107
Total Restricted		<u>1,572,037</u>	<u>2,783,005</u>
Committed for:			
General government	\$ 77,697		
Law enforcement	4,229		
Total Committed	<u>81,926</u>		
Assigned to:			
General government	1,266,663		
Law enforcement	89,545		
Capital projects			58,337
Total Assigned	<u>1,356,208</u>		<u>58,337</u>
Unassigned	<u>1,536,401</u>		
Totals	<u>\$ 2,974,535</u>	<u>\$ 1,572,037</u>	<u>\$ 2,841,342</u>

**NOTE 9: Commitments**

Total commitments consist of the following at December 31, 2015:

	December 31, 2015
Long-term liabilities	\$ 1,277,726
Reappraisal contract	<u>632,332</u>
Total Commitments	<u>\$ 1,910,058</u>



BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 9: Commitments (Continued)**

Long-term Liabilities

Long-term liabilities at December 31, 2015, are comprised of the following:

	December 31, 2015
Bonded indebtedness, dated October 11, 2012, titled Baxter County, Arkansas Airport Refunding and Improvement Bond, Series 2012, in the amount of \$505,000 with an interest rate of 3.85%. These bonds were issued for the purpose of refunding the 2001 Airport Revenue Bonds and promissory note for the purchase of constructing additional hangars. These bonds shall be paid from the pledged airport revenues, payable through October 2027. Payments are to be made from the Airport Revenue Bond Debt Service Fund.	\$ 425,343
Lease purchase agreement dated May 14, 2014, with Bancorp South Equipment Finance in the amount of \$721,050 at a rate of 0.0% interest for the purchase of three Caterpillar motor graders. Monthly payments of \$6,279 for 36 months with a balloon of \$495,000. Payments are to be made from the Road Fund.	608,025
Lease purchase agreement dated August 1, 2015, with Arvest Bank in the amount of \$205,654 at a rate of 2.11% interest for the purchase of a 911 radio dispatching console. Three annual payments of \$71,493 on August 1st of each year, beginning in 2016. Payments are to be made from the Emergency 911 Fund.	205,654
Lease purchase agreement dated July 10, 2015 with Lease Corporation of America in the amount of \$66,350 at a zero interest rate for the purchase of a dispatch console system for the Sheriff's Department. Twelve monthly payments of \$5,529. Payments are to be made from the Special Jail Fees Fund.	38,704
Total Long-term liabilities	\$ 1,277,726

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

Compensated Absences

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

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2015:

Years Ending December 31,	Bonds	Leases	Total
2016	\$ 44,428	\$ 185,547	\$ 229,975
2017	44,428	604,168	648,596
2018	44,428	71,492	115,920
2019	44,428		44,428
2020	44,428		44,428
2021 through 2025	222,143		222,143
2026 through 2027	88,857		88,857
Total Obligations	533,140	861,207	1,394,347
Less Interest	107,797	8,824	116,621
Total Principal	\$ 425,343	\$ 852,383	\$ 1,277,726

BAXTER COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**NOTE 9: Commitments (Continued)**

Reappraisal Contract

The County entered into a contract dated December 7, 2012, with Total Assessment Solutions Corporation for reappraisal services. Terms of the contract require monthly payments of \$26,347 beginning January 1, 2013, for a period of five years. The County is obligated for the following amounts for the next two years:

<u>Year</u>	<u>December 31, 2015</u>
2016	\$ 316,166
2017	316,166
Total	<u>\$ 632,332</u>

Reappraisal expense for 2015 was \$316,166.

**NOTE 10: Interfund Transfers**

The General Fund transferred \$1,955 to the Road Fund for operations, and \$25,912 to Other Funds in the Aggregate (\$20,500 to Special Jail Fee, \$285 to Sheriff's Special, and \$5,127 to Sheriff's Grant) for operations. The Road Fund transferred \$33,548 to the General Fund for reimbursement of expenditures. The Other Funds in the Aggregate [\$32,500 from Special Jail Fee and \$714 from CMRS Board (Commercial Mobile Radio Service 911)] transferred \$33,214 to the General Fund for reimbursement of expenditures. Within Other Funds in the Aggregate, Airport transferred \$44,429 to the Airport Revenue Bond Debt Service for debt service payments.

**NOTE 11: Pledged Revenues**

The County pledged future airport revenues to repay \$505,000 in bonds that were issued in 2012 to provide funding for refunding airport debt and improvements. Total principal and interest remaining on the bonds are \$425,343 and \$107,797, respectively, payable through October 10, 2027. For 2015, principal and interest paid were \$27,391 and \$17,038, respectively. Airport hangar revenue for 2015 was \$114,323.

**NOTE 12: Jointly Governed Organizations**

Fourteenth Judicial Drug Task Force

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

Ozark Mountain Solid Waste District

The Ozark Mountain Solid Waste 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 judges and mayors unless some other representative is appointed by the participating entity. Baxter County made no payments to the Ozark Mountain Solid Waste District during 2015.

**NOTE 13: Risk Management**

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

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 13: Risk Management (Continued)**

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.

Vehicle Program

- A. Liability - This program may pay all sums the County legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered county vehicle and for which the County is liable. The limit of payment by the program is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county vehicles owned or leased by the County.
- B. Physical Damage - This program covers vehicles (excluding mobile equipment) which are the property of the participating county. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$500 per occurrence. The County agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

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 \$2,500 deductible per occurrence.

**NOTE 14: Arkansas Public Employees Retirement System**

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS, administered by a Board of Trustees, 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 APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website [www.apers.org](http://www.apers.org).

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended December 31, 2015 were \$783,123.

Net Pension Liability

The County's proportionate share of the collective net pension liability at June 30, 2015 (actuarial valuation date and measurement date) was \$5,398,118.

BAXTER COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 15: Revenue Bond Issues**

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

<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, 2015</u>
Baxter County Regional Hospital	99-33	5/1/1999	\$ 79,845,000	\$ 52,095,000
Baxter Regional Medical Center	12-79	10/1/2012	6,500,000	5,095,000
Totals			<u>\$ 86,345,000</u>	<u>\$ 57,190,000</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, 2015

Schedule 1

	SPECIAL REVENUE FUNDS							
	Drug Court Program	Assessor's Amendment no. 79	Boating Safety	Child Support Cost	CMRS 911 Board (Commercial Mobile Radio Service)	Circuit Clerk Commission Fee	Collector's Automation	Communication Facility and Equipment
ASSETS								
Cash and cash equivalents	\$ 4,154	\$ 35,657	\$ 45,770	\$ 56,005	\$ 437,261	\$ 13,925	\$ 676,247	\$ 13,899
Accounts receivable				77	145,866	636		1,934
<b>TOTAL ASSETS</b>	<b><u>\$ 4,154</u></b>	<b><u>\$ 35,657</u></b>	<b><u>\$ 45,770</u></b>	<b><u>\$ 56,082</u></b>	<b><u>\$ 583,127</u></b>	<b><u>\$ 14,561</u></b>	<b><u>\$ 676,247</u></b>	<b><u>\$ 15,833</u></b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 6,063			\$ 1,124			
Interfund Payable								
Settlements pending								
Total Liabilities		<u>6,063</u>			<u>1,124</u>			
Fund Balances:								
Restricted	\$ 4,154	29,594	\$ 45,770	\$ 56,082	582,003	\$ 14,561	\$ 676,247	\$ 15,833
Assigned								
Total Fund Balances	<u>4,154</u>	<u>29,594</u>	<u>45,770</u>	<u>56,082</u>	<u>582,003</u>	<u>14,561</u>	<u>676,247</u>	<u>15,833</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,154</u></b>	<b><u>\$ 35,657</u></b>	<b><u>\$ 45,770</u></b>	<b><u>\$ 56,082</u></b>	<b><u>\$ 583,127</u></b>	<b><u>\$ 14,561</u></b>	<b><u>\$ 676,247</u></b>	<b><u>\$ 15,833</u></b>

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2015

Schedule 1

	SPECIAL REVENUE FUNDS							
	County Clerk's Cost	Special Jail Fee	County Recorder's Cost	Court Automation	Office of Emergency Services (OES)/Homeland Security	Juvenile Probation Fee	Public Defender	Sheriff's Special
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3,081	\$ 26,469	\$ 269,383	\$ 143,920	\$ 7,679	\$ 15,589	\$ 74,935	\$ 30,703
Accounts receivable	38	8,328	28,942	1,479		752		150
<b>TOTAL ASSETS</b>	<b><u>\$ 3,119</u></b>	<b><u>\$ 34,797</u></b>	<b><u>\$ 298,325</u></b>	<b><u>\$ 145,399</u></b>	<b><u>\$ 7,679</u></b>	<b><u>\$ 16,341</u></b>	<b><u>\$ 74,935</u></b>	<b><u>\$ 30,853</u></b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 301		\$ 1,704			\$ 62	\$ 319	\$ 2,757
Interfund Payable			11,555					
Settlements pending								
<b>Total Liabilities</b>	<b><u>301</u></b>		<b><u>13,259</u></b>			<b><u>62</u></b>	<b><u>319</u></b>	<b><u>2,757</u></b>
<b>Fund Balances:</b>								
Restricted	2,818	\$ 34,797	285,066	\$ 145,399	\$ 7,679	16,279	74,616	28,096
Assigned								
<b>Total Fund Balances</b>	<b><u>2,818</u></b>	<b><u>34,797</u></b>	<b><u>285,066</u></b>	<b><u>145,399</u></b>	<b><u>7,679</u></b>	<b><u>16,279</u></b>	<b><u>74,616</u></b>	<b><u>28,096</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,119</u></b>	<b><u>\$ 34,797</u></b>	<b><u>\$ 298,325</u></b>	<b><u>\$ 145,399</u></b>	<b><u>\$ 7,679</u></b>	<b><u>\$ 16,341</u></b>	<b><u>\$ 74,935</u></b>	<b><u>\$ 30,853</u></b>

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2015

Schedule 1

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	DEBT SERVICE FUND
	Sheriff's Grant	Treasurer's Automation	Juvenile Grant	Library Board	Airport	Breathalyzer	Health Unit Building	Airport Revenue Bond
ASSETS								
Cash and cash equivalents	\$ 307	\$ 63,341	\$ 54	\$ 510,193	\$ 133,755	\$ 1,516	\$ 58,337	\$ 36,107
Accounts receivable				4,382	46,790	165		
<b>TOTAL ASSETS</b>	<b>\$ 307</b>	<b>\$ 63,341</b>	<b>\$ 54</b>	<b>\$ 514,575</b>	<b>\$ 180,545</b>	<b>\$ 1,681</b>	<b>\$ 58,337</b>	<b>\$ 36,107</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable				\$ 26,242	\$ 6,357			
Interfund Payable								
Settlements pending								
<b>Total Liabilities</b>				<b>26,242</b>	<b>6,357</b>			
Fund Balances:								
Restricted	\$ 307	\$ 63,341	\$ 54	488,333	174,188	\$ 1,681		\$ 36,107
Assigned							\$ 58,337	
<b>Total Fund Balances</b>	<b>307</b>	<b>63,341</b>	<b>54</b>	<b>488,333</b>	<b>174,188</b>	<b>1,681</b>	<b>58,337</b>	<b>36,107</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 307</b>	<b>\$ 63,341</b>	<b>\$ 54</b>	<b>\$ 514,575</b>	<b>\$ 180,545</b>	<b>\$ 1,681</b>	<b>\$ 58,337</b>	<b>\$ 36,107</b>

BAXTER COUNTY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2015

Schedule 1

AGENCY FUNDS						
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/Circuit Clerk's Accounts	Juvenile Probation Account	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 41,526	\$ 111,821	\$ 146,393	\$ 266,820	\$ 3,732	\$ 3,228,579
Accounts receivable						239,539
TOTAL ASSETS	\$ 41,526	\$ 111,821	\$ 146,393	\$ 266,820	\$ 3,732	\$ 3,468,118
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable						\$ 44,929
Interfund Payable						11,555
Settlements pending	\$ 41,526	\$ 111,821	\$ 146,393	\$ 266,820	\$ 3,732	570,292
Total Liabilities	41,526	111,821	146,393	266,820	3,732	626,776
Fund Balances:						
Restricted						2,783,005
Assigned						58,337
Total Fund Balances						2,841,342
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,526	\$ 111,821	\$ 146,393	\$ 266,820	\$ 3,732	\$ 3,468,118



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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Drug Court Program	Assessor's Amendment no. 79	Boating Safety	Child Support Cost	CMRS 911 Board (Commercial Mobile Radio Service)	Circuit Clerk Commission Fee	Collector's Automation	Communication Facility and Equipment	County Clerk's Cost
REVENUES									
State aid		\$ 7,016	\$ 10,727						
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	\$ 125								
Interest	43	456	520	\$ 668	\$ 6,274	\$ 131	\$ 7,204		\$ 45
Officers' fees				9,044		3,867		\$ 20,730	\$ 700
911 fees					503,897				
Local fees									
Hanger fees									
Donations									
Treasurer's commission									
Collector's commission							108,279		
Other		70	103	87	4,388	87	544	14,153	8
<b>TOTAL REVENUES</b>	<b>168</b>	<b>7,542</b>	<b>11,350</b>	<b>9,799</b>	<b>514,559</b>	<b>4,085</b>	<b>116,027</b>	<b>34,883</b>	<b>753</b>
Less: Treasurer's commission	3	149	225	197	7,638	88	144		14
<b>NET REVENUES</b>	<b>165</b>	<b>7,393</b>	<b>11,125</b>	<b>9,602</b>	<b>506,921</b>	<b>3,997</b>	<b>115,883</b>	<b>34,883</b>	<b>739</b>
EXPENDITURES									
Current:									
General government		18,920		6,075			83,910		3,290
Law enforcement	677		6,377					27,339	
Public safety					513,682				
Health									
Recreation and culture									
Airport									
Total Current	677	18,920	6,377	6,075	513,682		83,910	27,339	3,290
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal									
<b>TOTAL EXPENDITURES</b>	<b>677</b>	<b>18,920</b>	<b>6,377</b>	<b>6,075</b>	<b>513,682</b>		<b>83,910</b>	<b>27,339</b>	<b>3,290</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(512)	(11,527)	4,748	3,527	(6,761)	3,997	31,973	7,544	(2,551)
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out					(714)				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					<b>(714)</b>				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(512)	(11,527)	4,748	3,527	(7,475)	3,997	31,973	7,544	(2,551)
FUND BALANCES - JANUARY 1	4,666	41,121	41,022	52,555	589,478	10,564	644,274	8,289	5,369
FUND BALANCES - DECEMBER 31	<u>\$ 4,154</u>	<u>\$ 29,594</u>	<u>\$ 45,770</u>	<u>\$ 56,082</u>	<u>\$ 582,003</u>	<u>\$ 14,561</u>	<u>\$ 676,247</u>	<u>\$ 15,833</u>	<u>\$ 2,818</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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Special Jail Fee	County Recorder's Cost	Court Automation	Office of Emergency Services (OES)/Homeland Security	Juvenile Probation Fee	Public Defender	Sheriff's Special	Sheriff's Grant	Treasurer's Automation
REVENUES									
State aid			\$ 15,666			\$ 2,290			
Federal aid							\$ 4,200		
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	\$ 113,564					23,607	\$ 404		
Interest	375	\$ 3,628	1,691	\$ 91	\$ 222	959	395		\$ 576
Officers' fees		325,567			12,716				
911 fees									
Local fees									
Hanger fees									
Donations									
Treasurer's commission									32,669
Collector's commission									
Other	1,327	4,228	115	1	2,185	336	1,458		
<b>TOTAL REVENUES</b>	<b>115,266</b>	<b>333,423</b>	<b>17,472</b>	<b>92</b>	<b>15,123</b>	<b>27,192</b>	<b>2,257</b>	<b>4,200</b>	<b>33,245</b>
Less: Treasurer's commission	2,275	6,787	336	1	321	195	38		
<b>NET REVENUES</b>	<b>112,991</b>	<b>326,636</b>	<b>17,136</b>	<b>91</b>	<b>14,802</b>	<b>26,997</b>	<b>2,219</b>	<b>4,200</b>	<b>33,245</b>
EXPENDITURES									
Current:									
General government		427,017							15,232
Law enforcement	67,693		8,052		17,578	34,986	7,960	9,327	
Public safety									
Health									
Recreation and culture									
Airport									
<b>Total Current</b>	<b>67,693</b>	<b>427,017</b>	<b>8,052</b>		<b>17,578</b>	<b>34,986</b>	<b>7,960</b>	<b>9,327</b>	<b>15,232</b>
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal	27,646								
<b>TOTAL EXPENDITURES</b>	<b>95,339</b>	<b>427,017</b>	<b>8,052</b>		<b>17,578</b>	<b>34,986</b>	<b>7,960</b>	<b>9,327</b>	<b>15,232</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>17,652</b>	<b>(100,381)</b>	<b>9,084</b>	<b>91</b>	<b>(2,776)</b>	<b>(7,989)</b>	<b>(5,741)</b>	<b>(5,127)</b>	<b>18,013</b>
OTHER FINANCING SOURCES (USES)									
Transfers in	20,500						285	5,127	
Transfers out	(32,500)								
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(12,000)</b>						<b>285</b>	<b>5,127</b>	
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>5,652</b>	<b>(100,381)</b>	<b>9,084</b>	<b>91</b>	<b>(2,776)</b>	<b>(7,989)</b>	<b>(5,456)</b>		<b>18,013</b>
FUND BALANCES - JANUARY 1	29,145	385,447	136,315	7,588	19,055	82,605	33,552	307	45,328
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 34,797</b>	<b>\$ 285,066</b>	<b>\$ 145,399</b>	<b>\$ 7,679</b>	<b>\$ 16,279</b>	<b>\$ 74,616</b>	<b>\$ 28,096</b>	<b>\$ 307</b>	<b>\$ 63,341</b>

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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS				PROJECTS FUND	SERVICE FUND	Totals
	Juvenile Grant	Library Board	Airport	Breathalyzer	Health Unit Building	Airport Revenue Bond	
REVENUES							
State aid		\$ 179,249	\$ 58,380				\$ 273,328
Federal aid		1,220	458,967				464,387
Property taxes		551,565					551,565
Sales taxes			4,189				4,189
Fines, forfeitures, and costs		36,813		\$ 165			174,678
Interest		37		8	\$ 550		23,873
Officers' fees							372,624
911 fees							503,897
Local fees			25,963				25,963
Hanger fees			114,323				114,323
Donations		306,581					306,581
Treasurer's commission							32,669
Collector's commission							108,279
Other		68,726	3,052	1,539	350		102,757
<b>TOTAL REVENUES</b>		<b>1,144,191</b>	<b>664,874</b>	<b>1,712</b>	<b>900</b>		<b>3,059,113</b>
Less: Treasurer's commission		13,068		31	18		31,528
<b>NET REVENUES</b>		<b>1,131,123</b>	<b>664,874</b>	<b>1,681</b>	<b>882</b>		<b>3,027,585</b>
EXPENDITURES							
Current:							
General government							554,444
Law enforcement							179,989
Public safety							513,682
Health					22,704		22,704
Recreation and culture		1,158,739					1,158,739
Airport			641,743				641,743
Total Current		1,158,739	641,743		22,704		3,071,301
Debt Service:							
Bond principal						\$ 27,391	27,391
Bond interest and other charges						17,038	17,038
Lease principal							27,646
<b>TOTAL EXPENDITURES</b>		<b>1,158,739</b>	<b>641,743</b>		<b>22,704</b>	<b>44,429</b>	<b>3,143,376</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(27,616)	23,131	1,681	(21,822)	(44,429)	(115,791)
OTHER FINANCING SOURCES (USES)							
Transfers in						44,429	70,341
Transfers out			(44,429)				(77,643)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<b>(44,429)</b>			<b>44,429</b>	<b>(7,302)</b>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(27,616)	(21,298)	1,681	(21,822)		(123,093)
FUND BALANCES - JANUARY 1	\$ 54	515,949	195,486		80,159	36,107	2,964,435
FUND BALANCES - DECEMBER 31	\$ 54	\$ 488,333	\$ 174,188	\$ 1,681	\$ 58,337	\$ 36,107	\$ 2,841,342

BAXTER COUNTY, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2015

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

Fund Name	Fund Description
Drug Court Program	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that one percent of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county Assessors for the costs of administering Arkansas Constitution, Amendment no. 79.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's Office.
CMRS 911 Board (Commercial Mobile Radio Service)	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Circuit Clerk Commission Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as Commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioners duties and for general operations expenses of the office of the Circuit Clerk.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's Office and to purchase, maintain, and operate an automated record keeping system.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission fund to be used for communications equipment and repair and to train operations staff.
County Clerk's Cost	Ark. Code Ann. § 16-20-407 established fund to account for a \$2 marriage license fee to be used for operation of the County Clerk's Office.
Special Jail Fee	Ark. Code Ann. §§ 16-17-129, 12-41-505 allows a county to levy an additional fine not to exceed \$20 and authorizes the collection of a \$20 booking and administration fee. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of county jail; purchase and maintenance of jail equipment ; and training, salaries, and certificate pay for jailers and deputy sheriffs.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of he fees collected by Circuit Clerks to be used to purchase, maintain, and operate automated records system.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees to be used solely for district court-related technology.
Office of Emergency Services (OES)/Homeland Security	Established to account for grants received from Arkansas Department of Emergency Management for the purpose of purchasing equipment.

BAXTER COUNTY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2015

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

Fund Name	Fund Description
Juvenile Probation Fee	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and suppliers to juveniles at the discretion of the juvenile division of Circuit Court.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Sheriff's Special	Established to account for drug restitution ordered by circuit court to be used for drug eradication and court cost collected to fund the County's breathalyzer expenses as authorized by Ark. Code Ann. § 16-10-307.
Sheriff's Grant	Established to receive and disburse federal grant monies to purchase equipment for law enforcement. Fund is restricted by Grantor.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's Office and to purchase, maintain, and operate an automated accounting and record keeping system.
Juvenile Grant	Established to receive and disburse state grant monies for the operations of the Juvenile Services Department. Fund is restricted by Grantor.
Library Board	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court for the support, operation, and maintenance of the public library.
Airport	Established by Baxter County court order dated March 16, 1978 to receive federal grants, state grants, and operating revenues to be used for improvement and operations of the Baxter Regional Airport.
Breathalyzer	Ark. Code Ann. § 16-10-307 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzer.
Health Unit Building	Established to receive and disburse local and state grant monies for the construction of a new health unit building. Fund is restricted by Grantor.
Airport Revenue Bond	Baxter County Ordinance no. 2012-59 (September 6, 2012) established fund to receive airport revenues and make principal and interest payments on revenue bonds. Airport revenues are pledged for the Airport Revenue and Refunding Bond.

Treasurer's accounts consist primarily of agency funds not yet distributed to the appropriate entities.  
 Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.  
 Sheriff's accounts consist primarily of bond, seized, and inmate trust money.  
 County/Circuit Clerk's accounts consist primarily of trust money awaiting disposition by the applicable court.  
 Juvenile Probation account consists primarily of probation fees awaiting disposition to County.

BAXTER COUNTY, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2015  
(Unaudited)

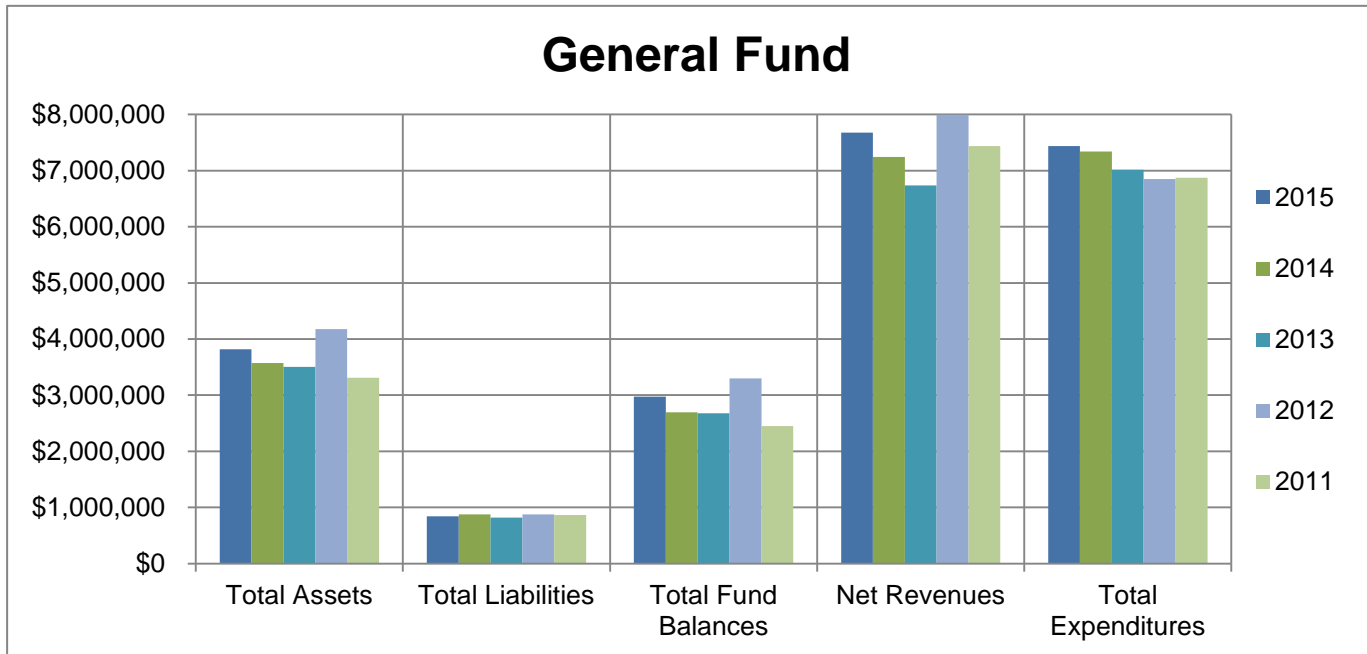
Schedule 3

	<u>December 31, 2015</u>
Land and buildings	\$ 10,907,008
Construction in progress	35,517
Improvements	2,944,765
Equipment	<u>11,791,782</u>
Total	<u>\$ 25,679,072</u>

BAXTER COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
 DECEMBER 31, 2015  
 (Unaudited)

Schedule 4-1

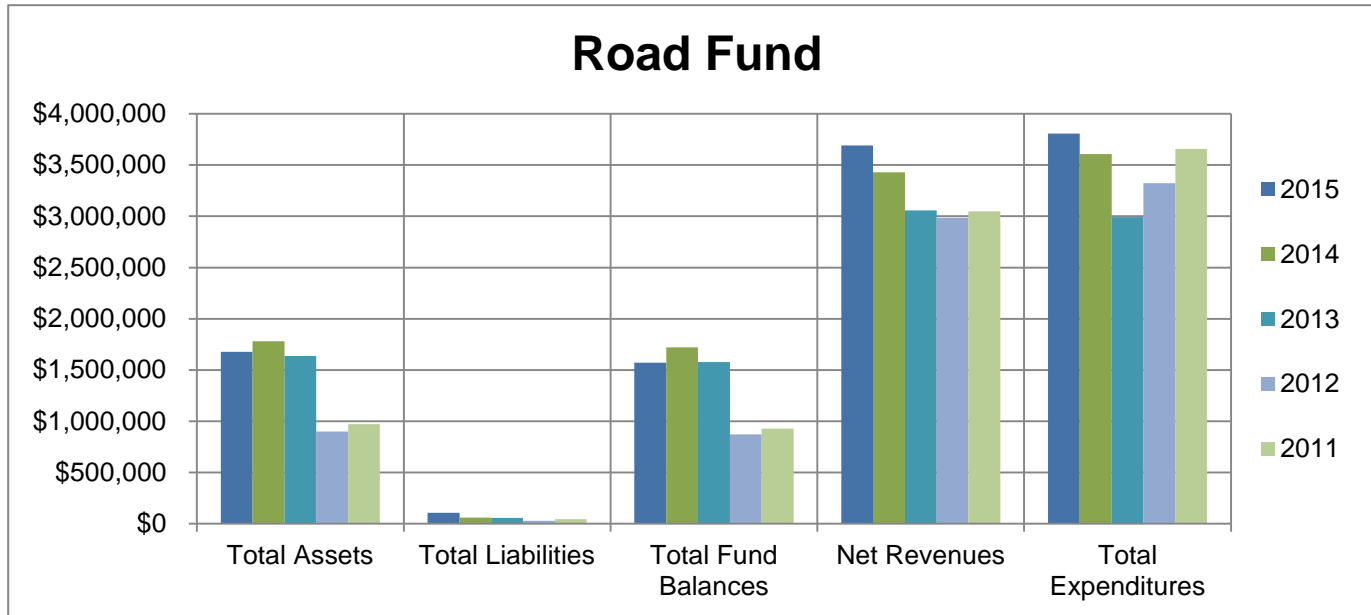
<b>General</b>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Assets	\$ 3,815,207	\$ 3,574,081	\$ 3,501,921	\$ 4,177,061	\$ 3,312,641
Total Liabilities	840,672	879,319	821,384	878,885	864,884
Total Fund Balances	2,974,535	2,694,762	2,680,537	3,298,176	2,447,757
Net Revenues	7,675,290	7,243,760	6,736,678	7,995,142	7,438,740
Total Expenditures	7,434,412	7,338,147	7,012,916	6,849,494	6,871,467
Total Other Financing Sources/Uses	38,895	108,612	(341,401)	(224,210)	(445,589)



BAXTER COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS  
 DECEMBER 31, 2015  
 (Unaudited)

Schedule 4-2

<u>Road</u>	2015	2014	2013	2012	2011
Total Assets	\$ 1,678,080	\$ 1,779,924	\$ 1,635,567	\$ 901,521	\$ 972,095
Total Liabilities	106,043	58,951	58,664	28,933	43,365
Total Fund Balances	1,572,037	1,720,973	1,576,903	872,588	928,730
Net Revenues	3,690,083	3,429,396	3,057,717	2,986,614	3,048,046
Total Expenditures	3,807,426	3,607,491	2,992,050	3,321,487	3,655,696
Total Other Financing Sources/Uses	(31,593)	322,165	638,648	384,327	801,198





BAXTER COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2015  
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Assets	\$ 3,468,118	\$ 3,635,201	\$ 3,612,219	\$ 3,211,028	\$ 3,482,776
Total Liabilities	626,776	670,766	728,590	723,137	786,062
Total Fund Balances	2,841,342	2,964,435	2,883,629	2,487,891	2,696,714
Net Revenues	3,027,585	2,504,298	2,676,104	2,986,067	3,029,372
Total Expenditures	3,143,376	2,330,167	2,254,567	3,105,327	3,894,327
Total Other Financing Sources/Uses	(7,302)	(93,325)	(25,799)	(78,230)	(255,609)

