

Benton County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2011

LEGISLATIVE JOINT AUDITING COMMITTEE



BENTON COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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	

SUPPLEMENTARY INFORMATION

	<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	

OTHER INFORMATION

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

Sen. Bryan B. King
Senate Chair
Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
Senate Vice Chair
Rep. John W. Walker
House Vice Chair

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Benton 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 Benton County, Arkansas, as of and for the year ended December 31, 2011, 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 Benton County, Arkansas, as of December 31, 2011, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended.

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).

Further, 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 Benton County, Arkansas, as of December 31, 2011, 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).

As discussed in Note 1 to the financial statements, the County changed the classifications of its governmental fund balances on January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012 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. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. The 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 effects on the supplementary information of the omission described above, the information is fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

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

DIVISION OF LEGISLATIVE AUDIT

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

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

Little Rock, Arkansas
November 20, 2012
LOCO00411

Sen. Bryan B. King
Senate Chair
Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
Senate Vice Chair
Rep. John W. Walker
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

Benton 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 Benton County, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated November 20, 2012. 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:

2011-1 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, 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.

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 finding 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 2011:

County Judge: Robert Clinard
Treasurer: Deanna Ratcliffe
Sheriff: Keith Ferguson
Tax Collector: Gloria Peterson
County Clerk: Tena O'Brien
Circuit Clerk: Brenda DeShields

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

COUNTY CLERK

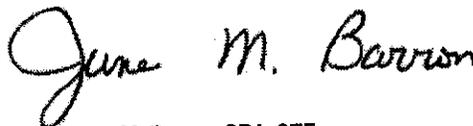
County Clerk office receipts of \$48,077 were not deposited for the period August 26, 2011 through April 30, 2012. County Clerk Administrative Assistant, Christine Southard, whose employment was terminated on April 30, 2012, indicated to the County Clerk misappropriating funds for personal use. The Nineteenth Judicial District West Prosecuting Attorney requested a Benton County Sheriff investigation and on May 9, 2012, Ms. Southard was charged with theft of property.

SHERIFF

The Sheriff's Drug Fund ledgers were not accurately posted and reconciled to a control account and case transactions as required by Ark. Code Ann. § 14-21-204.

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
November 20, 2012

BENTON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2011

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 23,673,373	\$ 792,335	\$ 24,388,783
Accounts receivable	1,268,531	531,346	545,381
Interfund receivables	202,291		
	\$ 25,144,195	\$ 1,323,681	\$ 24,934,164
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 661,777	\$ 91,013	\$ 456,082
Interfund payables			202,291
Settlements pending			17,414,006
Total Liabilities	661,777	91,013	18,072,379
Fund Balances:			
Restricted	1,957,709		4,839,926
Committed		1,232,668	2,000,154
Assigned	756,345		21,705
Unassigned	21,768,364		
Total Fund Balances	24,482,418	1,232,668	6,861,785
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,144,195	\$ 1,323,681	\$ 24,934,164

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

BENTON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 3,214,039	\$ 3,716,580	\$ 47,284
Federal aid	201,780	612,416	976,558
Property taxes	20,804,285	2,974,437	16,165
Sales taxes	2,156,494		4,114,500
Fines, forfeitures, and costs	1,527,921	8,090	647,513
Interest	126,701	777	41,786
Officers' fees	334,124		1,901,532
911 service fees	534,835		737,079
Jail telephone commissions			150,007
Franchise fees	58,141		
Jail fees	2,090,456		
Local permits and fees	143,049		
Service fees			154,047
Insurance premiums collected	508,895		
Treasurer's commission	225,331		120,000
Collector's commission	1,200,276		131,200
Taxes apportioned - Assessor's salary and expense	2,928,992		
Other	2,336,496	187,520	151,074
TOTAL REVENUES	38,391,815	7,499,820	9,188,745
Less: Treasurer's commission	117,826	23,368	21,539
NET REVENUES	38,273,989	7,476,452	9,167,206
EXPENDITURES			
Current:			
General government	13,898,157		954,643
Law enforcement	22,094,773		6,268,048
Highways and streets		10,905,425	258,099
Public safety	889,221		1,024,219

BENTON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit B

	General	Road	Other Funds in the Aggregate
EXPENDITURES (CONTINUED)			
Current: (Continued)			
Sanitation	\$ 285,415		\$ 506,785
Health	71,029		43,382
Recreation and culture			
Social services	211,866		
Total Current	37,450,461	\$ 10,905,425	9,055,176
Debt Service:			
Note principal		223,854	
Note interest		15,916	
TOTAL EXPENDITURES	37,450,461	11,145,195	9,055,176
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	823,528	(3,668,743)	112,030
OTHER FINANCING SOURCES (USES)			
Transfers in	1,850,000	4,445,326	229,685
Transfers out	(4,591,747)		(1,933,264)
TOTAL OTHER FINANCING SOURCES (USES)	(2,741,747)	4,445,326	(1,703,579)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,918,219)	776,583	(1,591,549)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	26,446,175	456,085	8,407,796
Restatement adjustment	(45,538)		45,538
FUND BALANCES - JANUARY 1, AS RESTATED	26,400,637	456,085	8,453,334
FUND BALANCES - DECEMBER 31	\$ 24,482,418	\$ 1,232,668	\$ 6,861,785

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

BENTON 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, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 2,834,249	\$ 3,214,039	\$ 379,790	\$ 3,638,573	\$ 3,716,580	\$ 78,007
Federal aid	119,000	201,780	82,780	56,950	612,416	555,466
Property taxes	19,069,829	20,804,285	1,734,456	2,655,656	2,974,437	318,781
Sales taxes	6,330,000	2,156,494	(4,173,506)			
Fines, forfeitures, and costs	1,576,000	1,527,921	(48,079)		8,090	8,090
Interest	61,375	126,701	65,326	650	777	127
Officers' fees	375,000	334,124	(40,876)			
911 service fees	455,000	534,835	79,835			
Franchise fees	48,000	58,141	10,141			
Jail fees	1,635,000	2,090,456	455,456			
Local permits and fees	115,500	143,049	27,549			
Insurance premiums collected	4,005,000	508,895	(3,496,105)			
Treasurer's commission	2,000,000	225,331	(1,774,669)			
Collector's commission	7,720,000	1,200,276	(6,519,724)			
Taxes apportioned - Assessor's salary and expense	4,500,000	2,928,992	(1,571,008)			
Other	2,310,415	2,336,496	26,081	379,566	187,520	(192,046)
TOTAL REVENUES	53,154,368	38,391,815	(14,762,553)	6,731,395	7,499,820	768,425
Less: Treasurer's commission	669,618	117,826	551,792	134,628	23,368	111,260
NET REVENUES	52,484,750	38,273,989	(14,210,761)	6,596,767	7,476,452	879,685
EXPENDITURES						
Current:						
General government	19,678,322	13,898,157	5,780,165			
Law enforcement	22,608,457	22,094,773	513,684			
Highways and streets				11,667,481	10,905,425	762,056
Public safety	982,893	889,221	93,672			
Sanitation	300,934	285,415	15,519			
Health	81,050	71,029	10,021			
Social services	226,569	211,866	14,703			
Total Current	43,878,225	37,450,461	6,427,764	11,667,481	10,905,425	762,056

BENTON 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, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED)						
Debt Service:						
Note principal				\$ 223,855	\$ 223,854	\$ 1
Note interest				15,917	15,916	1
TOTAL EXPENDITURES	<u>\$ 43,878,225</u>	<u>\$ 37,450,461</u>	<u>\$ 6,427,764</u>	<u>11,907,253</u>	<u>11,145,195</u>	<u>762,058</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,606,525</u>	<u>823,528</u>	<u>(7,782,997)</u>	<u>(5,310,486)</u>	<u>(3,668,743)</u>	<u>1,641,743</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,117,000	1,850,000	(1,267,000)	4,445,326	4,445,326	
Transfers out	<u>(6,359,004)</u>	<u>(4,591,747)</u>	<u>1,767,257</u>			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,242,004)</u>	<u>(2,741,747)</u>	<u>500,257</u>	<u>4,445,326</u>	<u>4,445,326</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>5,364,521</u>	<u>(1,918,219)</u>	<u>(7,282,740)</u>	<u>(865,160)</u>	<u>776,583</u>	<u>1,641,743</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	17,970,650	26,446,175	8,475,525	25,000	456,085	431,085
Restatement adjustment		(45,538)	(45,538)			
FUND BALANCES - JANUARY 1, AS RESTATED	<u>17,970,650</u>	<u>26,400,637</u>	<u>8,429,987</u>	<u>25,000</u>	<u>456,085</u>	<u>431,085</u>
FUND BALANCES - DECEMBER 31	<u>\$ 23,335,171</u>	<u>\$ 24,482,418</u>	<u>\$ 1,147,247</u>	<u>\$ (840,160)</u>	<u>\$ 1,232,668</u>	<u>\$ 2,072,828</u>

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 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, General Investments, Census Reserves, Treasurer's Commission, Equalization Board, Collector's Commission, Assessor's Salary and Expense, Employee Health Insurance, Sheriff's Forfeiture, Beaver Lake Patrol, Circuit Clerk's Office, Jail Maintenance, Social Security Incentive, Sheriff's Drug, and Public Defender.

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: Treasurer's Automation, Collector's Automation, Emergency 911, Emergency Medical Services District (EMSD), Boating Safety, Support Collection Cost, Energy Efficiency and Conservation Block Grant, Arkansas Economic Development Septic System Installation Project Grant, Prosecutor's Victim/Witness, Local Emergency Planning Committee, District Court Cost, Weapons of Mass Destruction Grant, State Homeland Security Grant, Law Enforcement Training/Terrorism Prevention Grant, Internet Crimes Against Children, Aviation Grant, County Clerk's Cost, Drug Court, Adult Drug Court, Substance Abuse and Mental Health Services Administration - Drug Court Grant, Juvenile Detention Center State Grant Aid, Supervised Visitation, Juvenile Probation Justice Assistance Grant, County Recorder's Cost, Court Automation, Jail Maintenance Fine, Historical Preservation, Citizens Corporation Program, Criminal Warrant Reduction Grant, Circuit Court Juvenile Division, Sheriff's Communication Facility and Equipment, and Judicial Collections.

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 outlays, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Fund is reported with other funds in the aggregate: Capital Projects.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Regulatory Fund Accounting (Continued)

Other Funds in the Aggregate (Continued)

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: Excess Commissions, County Judge's Planning Board, Treasurer's Accounts (Collector's Unapportioned, Redeemed Land, Beaver Lake Rural Services Grant, Common School, and Checking Interest), Collector's Accounts (Main, Bankruptcy, and Change), Sheriff's Accounts (Fee, Execution, Ten Percent Circuit Bond, Forfeiture Asset, Bond and Fine, and Emergency Travel), County Clerk's Accounts (Fee and Trust), Circuit Clerk's Accounts (Fee, Advanced Cost, Fine and Court Cost, and Trust), and Assessor's Account (Copy).

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 and savings accounts and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, trust funds, property taxes, excess commissions, and excess Assessor's salary and expense 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.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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.

H. Change in Regulatory Basis

The County adopted Governmental Accounting Standards Board (GASB) Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on January 1, 2011. GASB Statement no. 54 changed the classifications of governmental fund balances from reserved and unreserved to nonspendable, restricted, committed, assigned, and unassigned.

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.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 325,089	\$ 282,952	\$ 2,551
Federal aid	26,744	2,501	205,706
Property taxes	1,098	114,926	
Sales taxes	495,680		
Fines, forfeitures, and costs	83,417	610	37,605
Officers' fees	36,156		165,893
911 service fees	134,669		70,928
Franchise fees	14,535		
Jail fees	52,881		
Local permits and fees	11,940		
Other	86,322	130,357	62,698
Totals	\$ 1,268,531	\$ 531,346	\$ 545,381

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 661,777	\$ 91,013	\$ 456,082

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2011	
	Interfund Receivables	Interfund Payables
General	\$ 202,291	
<u>Other Funds in the Aggregate</u>		
Special Revenue:		
State Homeland Security Grant		\$ 163,767
Law Enforcement Training/Terrorism Prevention Grant		38,524
Totals	\$ 202,291	\$ 202,291

Interfund receivables and payables consist of interfund loans. These loans were repaid in January 2012.

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, 2011, the legal debt limit for bonded debt was \$416,535,501. There were no property tax secured bond issues.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7: Legal Debt Limit (Continued)

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, 2011, the legal debt limit for short-term financing obligations was \$108,165,398. The amount of short-term financing obligations was \$335,782, leaving a legal debt margin of \$107,829,616.

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2011 are composed of the following:

Description	General	Road	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 1,315,389
Law enforcement	\$ 14,149		1,282,309
Public safety			1,898,487
Health	1,943,560		36,997
Recreation and culture			306,744
Total Restricted	<u>1,957,709</u>		<u>4,839,926</u>
Committed for:			
Law enforcement			4,276
Capital outlay			1,995,878
Total Committed			<u>2,000,154</u>
Assigned to:			
General government	426,769		
Law enforcement	329,576		21,705
Highways and streets		\$ 1,232,668	
Total Assigned	<u>756,345</u>	<u>1,232,668</u>	<u>21,705</u>
Unassigned	<u>21,768,364</u>		
Totals	<u>\$ 24,482,418</u>	<u>\$ 1,232,668</u>	<u>\$ 6,861,785</u>

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2011:

	December 31, 2011
Long-Term liabilities	\$ 1,296,467
Construction contracts	<u>886,688</u>
Total Commitments	<u>\$ 2,183,155</u>

BENTON COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2011

NOTE 9: Commitments (Continued)

Long-Term Liabilities

Long-Term liabilities at December 31, 2011 are comprised of the following:

	December 31, 2011
On February 8, 2008, the County adopted Ordinance no. 2008-08 to authorize the issuance of a 3.16% promissory note with Arvest Bank to provide financing for acquisition of road equipment and constructing a road department satellite building. The promissory note was signed on April 8, 2008. Principal on the note shall be paid in installments of \$111,927 on April 8 and October 8 of each year with the final installment due April 8, 2013. Interest shall be paid on the 8th day of January, April, July, and October of each year, commencing July 8, 2008. The promissory note was authorized under Amendment no. 78 to the Arkansas Constitution. Payments are to be made from the Road Fund.	\$ 335,782
Compensated absences	960,685
Total Long-Term Liabilities	\$ 1,296,467

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

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2011:

Years Ending December 31,	Notes
2012	\$ 232,697
2013	113,696
Total Obligations	346,393
Less Interest	10,611
Total Principal	\$ 335,782

Construction Contracts

The County was contractually obligated for the following construction contracts at December 31, 2011:

Project Name	Completion Date	Contract Balance December 31, 2011
Juvenile Justice Center	September 15, 2012	\$ 406,630
Public Services Building	September 15, 2012	26,648
Westside Road Facility	September 15, 2012	453,410
Total		\$ 886,688

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 10: Interfund Transfers

The General Fund transferred \$4,445,326 to the Road Fund and \$146,421 to Other Funds in the Aggregate to supplement operations. The Other Funds in the Aggregate transferred \$1,850,000 to the General Fund in excess County Recorder's Cost Fund monies. Also, within Other Funds in the Aggregate, the Capital Projects Fund transferred \$83,264 to the Jail Maintenance Fine Fund due to excess proceeds from transfers made in 2010 for jail barracks construction.

NOTE 11: Subsequent Events

Construction projects beginning in 2012 included the East Tower remodel project and the Assessor's Annex project. Anticipated construction costs are estimated to be \$180,000 and \$130,000, respectively, and are to be funded by the Capital Projects Fund.

NOTE 12: Jointly Governed Organizations

Benton County Solid Waste District

Benton County and the cities in Benton County entered into an agreement pursuant to Ark. Code Ann. § 8-6-723, creating the Benton County Solid Waste District (BCSWD). The BCSWD was established in an effort to adequately, reliably, and economically dispose of the cities' and County's solid waste. The majority of funding for the BCSWD comes from user fees and operating grants. Payments totaling \$35,681 were made to the BCSWD during 2011 and future funding is to be at the rate of \$.50 per capita of the County. Financial statements may be obtained at Benton County Solid Waste District, 5702 Brookside Road, Bentonville, AR 72712.

Ozark Regional Transit, Inc.

The County participates in the Ozark Regional Transit, Inc. (ORT), a jointly governed organization. The ORT provides transit services among the various locations of its members. The majority of the ORT funding is through the Federal Transportation Administration (FTA), which includes both rural and urbanized area funding and local funding that is provided by members of ORT. FTA rural funding is provided through the Arkansas Highway and Transportation Department. Other participants include Washington and Madison Counties, as well as other entities within each of these counties. Benton County paid \$15,000 in 2011 to ORT for their share of the transportation benefits provided to its members. Financial statements may be obtained at Ozark Regional Transit, 2423 E. Robinson, Springdale, AR 72764.

NOTE 13: Risk Management

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

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

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

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.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13: Risk Management (Continued)

Vehicle Program (Continued)

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.

Building and Contents Program - This program provides coverage based on agreed-upon property and contents values with a \$1,000, per occurrence, deductible. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county property.

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.

The County has mutual aid agreements with various cities' fire departments and rural volunteer fire departments in the County. Many of these departments are using county-owned fire trucks and other equipment. The County retains ownership to all of the equipment that is loaned to these departments. These departments are required to carry insurance coverage on all county-owned vehicles. These departments are using Association of Arkansas Counties Program (public entity risk pools), the Arkansas Municipal League Program (public entity risk pools), and various private insurance companies.

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

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

NOTE 15: Employees Self-Insured Benefits

The County participates in an Employee Self-Insured Benefit Plan. The County is required to maintain a benefit plan account which will be sufficient at all times to fund plan benefits and plan-related expenses. Insurance premiums collected in the amount of \$508,895, as reflected on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Regulatory Basis represent payroll deductions for employee, spouse and dependent coverage, and cobra and retiree payments received. Health insurance claims, administered by Blue Advantage, in the amount of \$4,209,878 were paid from this account and the County contributed \$3,627,000 to this account. As of December 31, 2011, the balance in this account was \$1,943,560.

BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 15: Employees Self-Insured Benefits (Continued)

To safeguard against catastrophic claim expenses, the County also maintained a reinsurance policy with HCC Life Insurance in 2011, which would fund individual claims that exceed \$175,000 for the first occurrence and \$125,000 for each additional occurrence.

NOTE 16: Prior Year Restatement

The beginning fund balances of the General Fund and Other Funds in the Aggregate were restated for the reclassification of funds. The District Court Cost and Judicial Collections Funds were reclassified from the General Fund to Other Funds in the Aggregate in the amounts of \$9,177 and \$23,604, respectively, and the Public Defender Fund was reclassified from Other Funds in the Aggregate to the General Fund in the amount of (\$12,757).

BENTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Emergency 911	Emergency Medical Services District (EMSD)	Boating Safety	Support Collection Cost	Arkansas Economic Development Septic System Installation Project Grant	Prosecutor's Victim/ Witness	Local Emergency Planning Committee
ASSETS									
Cash and cash equivalents	\$ 246,688	\$ 74,331	\$ 1,821,726	\$ 36,908	\$ 77,310	\$ 20,795	\$ 89	\$ 996	\$ 1,472
Accounts receivable			83,131		2,551	36			
TOTAL ASSETS	\$ 246,688	\$ 74,331	\$ 1,904,857	\$ 36,908	\$ 79,861	\$ 20,831	\$ 89	\$ 996	\$ 1,472
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 320	\$ 1,499	\$ 13,632						
Interfund payables									
Settlements pending									
Total Liabilities	320	1,499	13,632						
Fund Balances:									
Restricted	246,368	72,832	1,891,225	\$ 36,908	\$ 79,861	\$ 20,831	\$ 89		\$ 1,472
Committed								\$ 996	
Assigned								\$ 996	1,472
Total Fund Balances	246,368	72,832	1,891,225	36,908	79,861	20,831	89	996	1,472
TOTAL LIABILITIES AND FUND BALANCES	\$ 246,688	\$ 74,331	\$ 1,904,857	\$ 36,908	\$ 79,861	\$ 20,831	\$ 89	\$ 996	\$ 1,472

BENTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

SPECIAL REVENUE FUNDS

	District Court Cost	Weapons of Mass Destruction Grant	State Homeland Security Grant	Law Enforcement Training/ Terrorism Prevention Grant	Internet Crimes Against Children	Aviation Grant	County Clerk's Cost	Drug Court	Juvenile Detention Center State Grant Aid
ASSETS									
Cash and cash equivalents	\$ 20,709	\$ 5,790			\$ 2,198	\$ 18,012	\$ 133,035	\$ 5,187	\$ 23,612
Accounts receivable			\$ 163,767	\$ 38,524	3,415		3,233	510	
TOTAL ASSETS	\$ 20,709	\$ 5,790	\$ 163,767	\$ 38,524	\$ 5,613	\$ 18,012	\$ 136,268	\$ 5,697	\$ 23,612
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 1,219			\$ 327	
Interfund payables			\$ 163,767	\$ 38,524					
Settlements pending									
Total Liabilities			163,767	38,524	1,219			327	
Fund Balances:									
Restricted		\$ 5,790			4,394	\$ 18,012	\$ 136,268	5,370	\$ 23,612
Committed									
Assigned	\$ 20,709								
Total Fund Balances	20,709	5,790			4,394	18,012	136,268	5,370	23,612
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,709	\$ 5,790	\$ 163,767	\$ 38,524	\$ 5,613	\$ 18,012	\$ 136,268	\$ 5,697	\$ 23,612

BENTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUND
	County Recorder's Cost	Court Automation	Jail Maintenance Fine	Historical Preservation	Circuit Court Juvenile Division	Sheriff's Communication Facility and Equipment	Judicial Collections	Capital Projects
ASSETS								
Cash and cash equivalents	\$ 651,558	\$ 82,514	\$ 374,799	\$ 307,614	\$ 28,113	\$ 611,439	\$ 183	\$ 2,429,699
Accounts receivable	208,363	4,379	28,836		4,543		4,093	
TOTAL ASSETS	\$ 859,921	\$ 86,893	\$ 403,635	\$ 307,614	\$ 32,656	\$ 611,439	\$ 4,276	\$ 2,429,699
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 2,868		\$ 870	\$ 1,526			\$ 433,821
Interfund payables								
Settlements pending								
Total Liabilities		2,868		870	1,526			433,821
Fund Balances:								
Restricted	\$ 859,921	84,025	\$ 403,635	306,744	31,130	\$ 611,439		
Committed							\$ 4,276	1,995,878
Assigned								
Total Fund Balances	859,921	84,025	403,635	306,744	31,130	611,439	4,276	1,995,878
TOTAL LIABILITIES AND FUND BALANCES	\$ 859,921	\$ 86,893	\$ 403,635	\$ 307,614	\$ 32,656	\$ 611,439	\$ 4,276	\$ 2,429,699

BENTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

AGENCY FUNDS									
	Excess Commissions	County Judge's Planning Board	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Assessor's Account	Totals
ASSETS									
Cash and cash equivalents	\$ 8,827,058	\$ 98,510	\$ 244,168	\$ 1,250,025	\$ 264,894	\$ 120,462	\$ 6,608,718	\$ 171	\$ 24,388,783
Accounts receivable									545,381
TOTAL ASSETS	<u>\$ 8,827,058</u>	<u>\$ 98,510</u>	<u>\$ 244,168</u>	<u>\$ 1,250,025</u>	<u>\$ 264,894</u>	<u>\$ 120,462</u>	<u>\$ 6,608,718</u>	<u>\$ 171</u>	<u>\$ 24,934,164</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									\$ 456,082
Accounts payable									202,291
Interfund payables									17,414,006
Settlements pending	\$ 8,827,058	\$ 98,510	\$ 244,168	\$ 1,250,025	\$ 264,894	\$ 120,462	\$ 6,608,718	\$ 171	18,072,379
Total Liabilities	<u>8,827,058</u>	<u>98,510</u>	<u>244,168</u>	<u>1,250,025</u>	<u>264,894</u>	<u>120,462</u>	<u>6,608,718</u>	<u>171</u>	<u>18,072,379</u>
Fund Balances:									4,839,926
Restricted									2,000,154
Committed									21,705
Assigned									6,861,785
Total Fund Balances									<u>4,839,926</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,827,058</u>	<u>\$ 98,510</u>	<u>\$ 244,168</u>	<u>\$ 1,250,025</u>	<u>\$ 264,894</u>	<u>\$ 120,462</u>	<u>\$ 6,608,718</u>	<u>\$ 171</u>	<u>\$ 24,934,164</u>

BENTON 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, 2011

Schedule 2

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Emergency 911	Emergency Medical Services District (EMSD)	Boating Safety	Support Collection Cost	Energy Efficiency and Conservation Block Grant	Arkansas Economic Development Septic System Installation Project Grant	Prosecutor's Victim/Witness
REVENUES									
State aid					\$ 25,202				
Federal aid							\$ 169,975	\$ 46,400	
Property taxes									
Sales taxes									\$ 49,956
Fines, forfeitures, and costs									9
Interest	\$ 636	\$ 36	\$ 16,401	\$ 144	292	\$ 98			
Officers' fees						2,294			
911 service fees			737,079						
Jail telephone commissions				154,047					
Service fees									
Treasurer's commission	120,000								
Collector's commission		131,200							
Other			19,620	3,358	634	220			870
TOTAL REVENUES	120,636	131,236	773,100	157,549	26,128	2,612	169,975	46,400	50,835
Less: Treasurer's commission			2,664	3,081	497	86			999
NET REVENUES	120,636	131,236	770,436	154,468	25,631	2,526	169,975	46,400	49,836
EXPENDITURES									
Current:									
General government	52,042	83,791				7,415	170,978		
Law enforcement					21,165				82,532
Highways and streets									
Public safety			721,789						
Health				165,667				46,384	
Recreation and culture									
TOTAL EXPENDITURES	52,042	83,791	721,789	165,667	21,165	7,415	170,978	46,384	82,532
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,594	47,445	48,647	(11,199)	4,466	(4,889)	(1,003)	16	(32,696)
OTHER FINANCING SOURCES (USES)									
Transfers in									33,000
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)									33,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	68,594	47,445	48,647	(11,199)	4,466	(4,889)	(1,003)	16	304
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	177,774	25,387	1,842,578	48,107	75,395	25,720	1,003	73	692
Restatement adjustment									
FUND BALANCES - JANUARY 1, AS RESTATED	177,774	25,387	1,842,578	48,107	75,395	25,720	1,003	73	692
FUND BALANCES - DECEMBER 31	\$ 246,368	\$ 72,832	\$ 1,891,225	\$ 36,908	\$ 79,861	\$ 20,831	\$ 0	\$ 89	\$ 996

BENTON 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, 2011

Schedule 2

SPECIAL REVENUE FUNDS									
	Local Emergency Planning Committee	District Court Cost	Public Defender	Weapons of Mass Destruction Grant	State Homeland Security Grant	Law Enforcement Training/ Terrorism Prevention Grant	Internet Crimes Against Children	Aviation Grant	County Clerk's Cost
REVENUES									
State aid					\$ 294,255	\$ 69,329	\$ 15,433	\$ 2,500	
Federal aid									
Property taxes									
Sales taxes		\$ 159,733							
Fines, forfeitures, and costs		26						95	\$ 454
Interest									47,368
Officers' fees									
911 service fees									
Jail telephone commissions									
Service fees									
Treasurer's commission									793
Collector's commission									
Other		2,783							
TOTAL REVENUES		<u>162,542</u>			<u>294,255</u>	<u>69,329</u>	<u>15,433</u>	<u>2,595</u>	<u>48,615</u>
Less: Treasurer's commission		3,195							954
NET REVENUES		<u>159,347</u>			<u>294,255</u>	<u>69,329</u>	<u>15,433</u>	<u>2,595</u>	<u>47,661</u>
EXPENDITURES									
Current:									24,199
General government									
Law enforcement		237,815				69,329	11,039	10,254	
Highways and streets					294,255				
Public safety									
Health									
Recreation and culture									
TOTAL EXPENDITURES		<u>237,815</u>			<u>294,255</u>	<u>69,329</u>	<u>11,039</u>	<u>10,254</u>	<u>24,199</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>(78,468)</u>					<u>4,394</u>	<u>(7,659)</u>	<u>23,462</u>
OTHER FINANCING SOURCES (USES)									
Transfers in		90,000							
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)		<u>90,000</u>							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		<u>11,532</u>					<u>4,394</u>	<u>(7,659)</u>	<u>23,462</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	\$ 1,472		\$ (12,757)	\$ 5,790				25,671	112,806
Restatement adjustment		9,177	12,757						
FUND BALANCES - JANUARY 1, AS RESTATED	<u>1,472</u>	<u>9,177</u>	<u>0</u>	<u>5,790</u>				<u>25,671</u>	<u>112,806</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,472</u>	<u>\$ 20,709</u>	<u>\$ 0</u>	<u>\$ 5,790</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,394</u>	<u>\$ 18,012</u>	<u>\$ 136,268</u>

BENTON 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, 2011

Schedule 2

	SPECIAL REVENUE FUNDS								
	Drug Court	Adult Drug Court	Substance Abuse and Mental Health Services Administration - Drug Court Grant	Juvenile Detention Center State Grant Aid	Supervised Visitation	Juvenile Probation Justice Assistance Grant	County Recorder's Cost	Court Automation	Jail Maintenance Fine
REVENUES									
State aid				\$ 22,082					
Federal aid		\$ 70,264	\$ 161,196		\$ 133,569	\$ 3,986			
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	\$ 9,029						\$ 2,947	\$ 48,175	\$ 293,026
Interest	23	5					1,795,046	459	551
Officers' fees									
911 service fees									
Jail telephone commissions									
Service fees									
Treasurer's commission									
Collector's commission									
Other							79,779	666	6,565
TOTAL REVENUES	9,052	70,269	161,196	22,082	133,569	3,986	1,877,772	49,300	300,142
Less: Treasurer's commission							6,488	940	1,042
NET REVENUES	9,052	70,269	161,196	22,082	133,569	3,986	1,871,284	48,360	299,100
EXPENDITURES									
Current:									
General government									
Law enforcement	10,494	93,690		22,082		3,986		70,603	
Highways and streets									
Public safety									
Health			161,196		133,538				
Recreation and culture									
TOTAL EXPENDITURES	10,494	93,690	161,196	22,082	133,538	3,986		70,603	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,442)	(23,421)			31		1,871,284	(22,243)	299,100
OTHER FINANCING SOURCES (USES)									
Transfers in		23,421							83,264
Transfers out							(1,850,000)		
TOTAL OTHER FINANCING SOURCES (USES)		23,421					(1,850,000)		83,264
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,442)				31		21,284	(22,243)	382,364
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	6,812			23,612	(31)		838,637	106,268	21,271
Restatement adjustment									
FUND BALANCES - JANUARY 1, AS RESTATED	6,812			23,612	(31)		838,637	106,268	21,271
FUND BALANCES - DECEMBER 31	\$ 5,370	\$ 0	\$ 0	\$ 23,612	\$ 0	\$ 0	\$ 859,921	\$ 84,025	\$ 403,635

BENTON 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, 2011

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Historical Preservation	Citizens Corporation Program	Criminal Warrant Reduction Grant	Circuit Court Juvenile Division	Sheriff's Communication Facility and Equipment	Judicial Collections	Capital Projects	Totals
REVENUES								\$ 47,284
State aid								976,558
Federal aid		\$ 8,175	\$ 1,476					16,165
Property taxes	\$ 16,165						\$ 4,114,500	4,114,500
Sales taxes				\$ 33,187		\$ 54,407		647,513
Fines, forfeitures, and costs	1,265				\$ 890	71	17,384	41,786
Interest					56,824			1,901,532
Officers' fees								737,079
911 service fees					150,007			150,007
Jail telephone commissions								154,047
Service fees								120,000
Treasurer's commission								131,200
Collector's commission					27,114	1,014		151,074
Other	7,658							
TOTAL REVENUES	25,088	8,175	1,476	33,187	234,835	55,492	4,131,884	9,188,745
Less: Treasurer's commission				531		1,062		21,539
NET REVENUES	25,088	8,175	1,476	32,656	234,835	54,430	4,131,884	9,167,206
EXPENDITURES								
Current:							616,218	954,643
General government			1,476	1,526	99,885	73,758	5,458,414	6,268,048
Law enforcement							258,099	258,099
Highways and streets		8,175						1,024,219
Public safety								506,785
Health	43,382							43,382
Recreation and culture								
TOTAL EXPENDITURES	43,382	8,175	1,476	1,526	99,885	73,758	6,332,731	9,055,176
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,294)			31,130	134,950	(19,328)	(2,200,847)	112,030
OTHER FINANCING SOURCES (USES)								229,685
Transfers in							(83,264)	(1,933,264)
Transfers out							(83,264)	(1,703,579)
TOTAL OTHER FINANCING SOURCES (USES)								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(18,294)			31,130	134,950	(19,328)	(2,284,111)	(1,591,549)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	325,038				476,489	23,604	4,279,989	8,407,796
Restatement adjustment								45,538
FUND BALANCES - JANUARY 1, AS RESTATED	325,038				476,489	23,604	4,279,989	8,453,334
FUND BALANCES - DECEMBER 31	\$ 306,744	\$ 0	\$ 0	\$ 31,130	\$ 611,439	\$ 4,276	\$ 1,995,878	\$ 6,861,785

BENTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2011

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated record keeping system.
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.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Emergency Medical Services District (EMSD)	Benton County Ordinance no. 85-15 (June 14, 1985) established fund in accordance with Ark. Code Ann. § 20-13-301 to collect fees within specified areas to be used to provide emergency medical services.
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.
Support Collection Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Energy Efficiency and Conservation Block Grant	Federal Grant was funded by American Recovery and Reinvestment Act of 2009 to assist states, counties, and cities in the development and implementation of energy efficiency and conservation projects and programs.
Arkansas Economic Development Septic System Installation Project Grant	Federal Grant money received from the Arkansas Economic Development Commission for the improvement of septic systems in rural areas.
Prosecutor's Victim/Witness	Ark. Code Ann. § 16-21-151 established fund to receive District Court cost levied to be used by Prosecuting Attorney for operating victim/witness program.
Local Emergency Planning Committee	Grant money was received from the State of Arkansas for local emergency disaster preparedness plan.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District 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.
Weapons of Mass Destruction Grant	Benton County Ordinance no. 03-35 (August 15, 2003) established fund to receive federal grant money for the purpose of terrorism preparedness.
State Homeland Security Grant	Grants received from Arkansas Department of Emergency Management for the purpose of planning, purchasing equipment, training, and exercise activities.
Law Enforcement Training/Terrorism Prevention Grant	Federal Grant provides law enforcement communities with enhanced capabilities for detecting, deterring, disrupting, and preventing acts of terrorism.
Internet Crimes Against Children	Federal Recovery Act Funds from the Edward Burns Memorial Justice Assistance Grant to fight internet crimes against children.

BENTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2011

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

<u>Fund Name</u>	<u>Fund Description</u>
Aviation Grant	State Criminal Alien Assistance Program (SCAAP) Grant received from the U.S. Office of Justice Programs for criminal justice purposes.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
Drug Court	Ark. Code Ann. § 16-98-303 established fund to receive fees collected by the Circuit Clerk to be used for the operation of the Drug Court.
Adult Drug Court	Ark. Code Ann. § 16-98-304 established fund to receive costs set by drug court judges to be used for treatment, drug testing, and supervision costs.
Substance Abuse and Mental Health Services Administration - Drug Court Grant	Federal grant money received from the State of Arkansas for therapy for substance abuse.
Juvenile Detention Center State Grant Aid	Grant money was received from the State of Arkansas for the operation and maintenance of the Juvenile Detention Center.
Supervised Visitation	Federal grant money received from the Department of Justice for communities to support supervised visitation and safe exchange of children in situations involving domestic violence, dating violence, child abuse, sexual assault, or stalking.
Juvenile Probation Justice Assistance Grant	Federal grant money to reduce juvenile delinquency, improve the juvenile justice system, and increase the accountability of juvenile offenders and the system that serves them.
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.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive installment fees of 1/2 of \$5 per month on each person to be used for court related technology.
Jail Maintenance Fine	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.
Historical Preservation	Benton County Ordinance no. 08-28 (October 24, 2008) established fund to account for the voluntary tax millage levied by the Quorum Court for the Benton County Historical Preservation Commission.
Citizens Corporation Program	Fund established to account for proceeds of federal grant received through Arkansas Department of Emergency Management to fund Community Emergency Response Team (CERT) training.
Criminal Warrant Reduction Grant	Fund established to account for proceeds of federal aid received through the Justice Assistance Grant Program to be used for the payment of overtime costs.

BENTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 FOR THE YEAR ENDED DECEMBER 31, 2011

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

<u>Fund Name</u>	<u>Fund Description</u>
Circuit Court Juvenile Division	Ark. Code Ann. § 9-27-326 established fund to collect fees and costs to offset expenses of juvenile cases.
Sheriff's Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of the Sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Judicial Collections	Benton County Ordinance no. 2001-62 (October 25, 2001) established fund to account for 30% of funds collected as circuit court fines which are to be used for the collection of delinquent circuit court fines and costs.
Capital Projects	Benton County Ordinance no. 90-41 (December 13, 1990) established fund to receive a portion, determined annually by the Quorum Court, of the one percent County Sales and Use Tax. Generally, funds may be used for construction or rehabilitation of buildings, special purpose structures, roadways and bridges, and the purchase of machinery and land.
Excess Commissions	Consists of Treasurer and Collector excess commissions and excess Assessor's expenses that have not been distributed.
County Judge's Planning Board	Consist of planning fees not yet remitted to the Treasurer.

Treasurer's Accounts consist primarily of property taxes, interest, and other amounts due to other agencies.

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

Sheriff's Accounts consist primarily of fees settlement, bond, and evidence money.

County Clerk's Accounts consist primarily of fee money to be settled with Treasurer.

Circuit Clerk's Accounts consist of trust money and settlements due to Treasurer.

Assessor's Account consists of copy machine fees not yet remitted to the Treasurer.

BENTON COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2011
(Unaudited)

Schedule 3

	<u>December 31, 2011</u>
Land	\$ 5,125,347
Buildings	28,763,459
Construction in progress	6,458,477
Equipment	<u>25,995,174</u>
Total	<u>\$ 66,342,457</u>

BENTON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2011
(Unaudited)

Schedule 4

<u>General</u>	2011	2010	2009	2008	2007
Total Assets	\$ 25,144,195	\$ 27,097,879	\$ 19,996,716	\$ 15,320,339	\$ 12,161,962
Total Liabilities	661,777	651,704	431,947	381,798	
Total Fund Balances	24,482,418	26,446,175	19,564,769	14,938,541	12,161,962
Net Revenues	38,273,989	43,754,033	46,733,067	44,139,441	41,461,272
Total Expenditures	37,450,461	36,026,485	39,209,253	40,166,659	34,299,687
Total Other Financing Sources/Uses	(2,741,747)	(846,142)	(2,897,586)	(2,072,653)	(3,764,634)
 <u>Road</u>					
Total Assets	\$ 1,323,681	\$ 534,798	\$ 629,263	\$ 378,938	\$ 388,077
Total Liabilities	91,013	78,713	242,826	142,938	
Total Fund Balances	1,232,668	456,085	386,437	236,000	388,077
Net Revenues	7,476,452	6,772,564	12,379,727	7,270,953	6,379,936
Total Expenditures	11,145,195	8,172,916	14,560,350	10,473,162	8,590,937
Total Other Financing Sources/Uses	4,445,326	1,470,000	2,331,060	2,911,975	2,500,000
 <u>Other Funds in the Aggregate</u>					
Total Assets	\$ 24,934,164	\$ 29,448,722	\$ 20,790,595	\$ 31,584,994	\$ 32,136,731
Total Liabilities	18,072,379	21,040,926	10,354,752	22,978,972	25,570,378
Total Fund Balances	6,861,785	8,407,796	10,435,843	8,606,022	6,566,353
Net Revenues	9,167,206	5,350,156	4,863,336	4,078,246	4,118,246
Total Expenditures	9,055,176	6,512,951	3,600,041	2,340,055	4,403,429
Total Other Financing Sources/Uses	(1,703,579)	(865,252)	566,526	279,950	1,264,634

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