

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

**December 31, 2007**

LEGISLATIVE JOINT AUDITING COMMITTEE

---



WASHINGTON COUNTY, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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 Receipts, Disbursements and Changes in Fund Balances – Regulatory Basis	B
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPORTING SCHEDULES

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Receipts, Disbursements and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2

SUPPLEMENTARY INFORMATION

Schedule of Capital Assets (Unaudited)	3
--	---

Sen. Bobby L. Glover  
Senate Co-Chair  
Rep. Johnny Hoyt  
House Co-Chair  
Sen. Bill Pritchard  
Senate Co-Vice Chair  
Rep. Beverly Pyle  
House Co-Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Washington 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 Washington County, Arkansas, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1(B and C), the County has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Washington County, Arkansas, as of December 31, 2007, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Washington County, Arkansas, as of December 31, 2007, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and road fund for the year then ended on the basis of accounting as described in Note 1(C).

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements of Washington County, Arkansas. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Washington County, Arkansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects on the financial information in Schedules 1 and 2 of the omission described above, such information is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplementary information in the Schedule of Capital Assets listed in the table of contents as Schedule 3 is required by the regulatory basis of presentation and is presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on the Schedule of Capital Assets.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
April 9, 2009  
LOCO07207

Sen. Bobby L. Glover  
Senate Co-Chair  
Rep. Johnny Hoyt  
House Co-Chair  
Sen. Bill Pritchard  
Senate Co-Vice Chair  
Rep. Beverly Pyle  
House Co-Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

Washington 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 Washington County, Arkansas, as of and for the year ended December 31, 2007, and have issued our report thereon dated April 9, 2009. We issued an adverse opinion because the County prepared the financial statements using accounting principles prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(B and C), our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting as prescribed or permitted by Arkansas Code such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

2007-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

The County's response to the findings identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

#### Compliance and Other Matters

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

#### Other Issues

The 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 2007:

County Judge: Jerry Hunton  
Treasurer: Roger Haney  
Sheriff: Tim Helder  
Tax Collector: David Ruff  
County Clerk: Karen Combs-Pritchard  
Circuit Clerk: Bette Stamps  
County Librarian: Glenda Audrain

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

#### **County Judge**

Equipment records were again not maintained in an accurate manner to reflect all assets and transaction activity as required by Ark. Code Ann. § 14-25-106.

#### **Tax Collector**

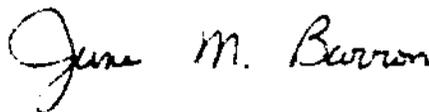
- A. For the sixth year, the final tax settlement was prepared on actual tax collections rather than on the property valuation system.
- B. The Tax Increment Financing District in the City of Fayetteville was not properly accounted for on the final settlements for 2007 or 2006. This resulted in a \$159,671 overpayment to that District in 2006, of which, \$117,397 is still due to the other affected taxing units as of December 31, 2007.
- C. The County did not require that each taxing unit reimburse the General Fund for their share of property tax refunds as required by Ark. Code Ann. § 26-35-901.

#### **Circuit Clerk**

As previously noted, child support and advance cost subsidiary ledger cards did not reflect accurate balances by case in some instances and the monthly ending balances for these accounts were not properly identified or reconciled to the general ledger. The omission of monthly identification and reconciliation resulted in Child Support pending ledger balances exceeding the cash balance by \$1,601 and the Advance Cost cash balance exceeding the ledger balance by \$168,710.

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

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "June M. Barron". The signature is written in a cursive style with a large initial "J" and "B".

June M. Barron, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 9, 2009

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

Exhibit A

	General	Road	Other Funds In The Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,612,453	\$ 2,795,808	\$ 15,566,079
Escrow deposits with fiscal agent			442,429
<b>TOTAL ASSETS</b>	<b>\$ 26,612,453</b>	<b>\$ 2,795,808</b>	<b>\$ 16,008,508</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Payroll taxes withheld	\$ 3,899	\$ 816	\$ 4,067
Settlements pending			7,932,373
<b>Total Liabilities</b>	<b>3,899</b>	<b>816</b>	<b>7,936,440</b>
<b>Fund Balances:</b>			
Reserved	2,294,626	2,794,992	8,072,068
<b>Unreserved:</b>			
Designated - Courthouse renovation	49,885		
Undesignated	24,264,043		
<b>Total Fund Balances</b>	<b>26,608,554</b>	<b>2,794,992</b>	<b>8,072,068</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 26,612,453</b>	<b>\$ 2,795,808</b>	<b>\$ 16,008,508</b>

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

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

Exhibit B

	General	Road	Other Funds In The Aggregate
RECEIPTS			
State aid	\$ 2,560,574	\$ 3,148,912	\$ 320,674
Federal aid	173,319	50,420	133,975
Property taxes	11,266,174	891,682	1,297,148
Sales taxes	4,278,029	2,852,019	7,511,250
Fines, forfeitures and costs	698,864		606,017
Interest	1,177,820	122,122	401,331
Officers' fees	747,466		1,571,573
Franchise taxes	141,114	182,999	
Jail fees	32,292		2,346,963
911 fees			777,521
Insurance premiums collected	2,462,508		
Treasurer's commission	193,108		
Collector's commission	912,296		152,454
Taxes apportioned - Assessor's salary and expense	1,483,557		
Other	2,273,929	475,711	663,199
<b>TOTAL RECEIPTS</b>	<b>28,401,050</b>	<b>7,723,865</b>	<b>15,782,105</b>
Less: Treasurer's commission	406,237	144,073	298,325
<b>NET RECEIPTS</b>	<b>27,994,813</b>	<b>7,579,792</b>	<b>15,483,780</b>
DISBURSEMENTS			
Current:			
General government	12,397,222		772,376
Law enforcement	9,443,657		11,099,084
Highways and streets		7,238,226	
Public safety	1,685,783		801,812
Sanitation	433,789		
Health	24,972		48,474
Recreation and culture			1,727,071
<b>Total Current</b>	<b>23,985,423</b>	<b>7,238,226</b>	<b>14,448,817</b>

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

Exhibit B

	General	Road	Other Funds In The Aggregate
DISBURSEMENTS (Continued)			
Debt Service:			
Bond principal			\$ 210,000
Bond interest and other charges			59,790
Principal reduction on note		\$ 589,722	
Note interest and other charges		37,458	
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 23,985,423</b>	<b>7,865,406</b>	<b>14,718,607</b>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>4,009,390</b>	<b>(285,614)</b>	<b>765,173</b>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,413,551		481,103
Transfers out	(461,103)		(1,413,551)
Capital loan proceeds		267,241	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>952,448</b>	<b>267,241</b>	<b>(952,448)</b>
<b>EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>	<b>4,961,838</b>	<b>(18,373)</b>	<b>(187,275)</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>21,846,716</b>	<b>2,613,365</b>	<b>8,259,343</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 26,608,554</b>	<b>\$ 2,794,992</b>	<b>\$ 8,072,068</b>

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

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

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
State aid	\$ 2,203,543	\$ 2,560,574	\$ 357,031	\$ 2,966,665	\$ 3,148,912	\$ 182,247
Federal aid	65,990	173,319	107,329	10,000	50,420	40,420
Property taxes	10,145,427	11,266,174	1,120,747	912,871	891,682	(21,189)
Sales taxes	4,632,075	4,278,029	(354,046)	3,088,050	2,852,019	(236,031)
Fines, forfeitures and costs	748,700	698,864	(49,836)			
Interest	515,889	1,177,820	661,931	95,000	122,122	27,122
Officers' fees	985,000	747,466	(237,534)			
Franchise taxes	115,000	141,114	26,114		182,999	182,999
Jail fees		32,292	32,292			
Insurance premiums collected	2,182,800	2,462,508	279,708			
Treasurer's commission	250,316	193,108	(57,208)			
Collector's commission	1,055,856	912,296	(143,560)			
Taxes apportioned - Assessor's salary and expense	1,834,867	1,483,557	(351,310)			
Other	1,147,093	2,273,929	1,126,836	724,600	475,711	(248,889)
<b>TOTAL RECEIPTS</b>	<b>25,882,556</b>	<b>28,401,050</b>	<b>2,518,494</b>	<b>7,797,186</b>	<b>7,723,865</b>	<b>(73,321)</b>
Less: Treasurer's commission	352,000	408,237	(56,237)	150,000	144,073	5,927
<b>NET RECEIPTS</b>	<b>25,530,556</b>	<b>27,992,813</b>	<b>2,462,257</b>	<b>7,647,186</b>	<b>7,579,792</b>	<b>(67,394)</b>
<b>DISBURSEMENTS</b>						
Current:						
General government	15,050,434	12,397,222	2,653,212			
Law enforcement	10,625,633	9,443,657	1,181,976			
Highways and streets				7,643,515	7,238,226	405,289
Public safety	1,809,739	1,685,783	123,956			
Sanitation	480,140	433,789	46,351			
Health	27,093	24,972	2,121			
Total Current	27,993,039	23,985,423	4,007,616	7,643,515	7,238,226	405,289
Debt Service:						
Principal reduction on note				608,000	589,722	18,278
Note interest and other charges					37,458	(37,458)
<b>TOTAL DISBURSEMENTS</b>	<b>27,993,039</b>	<b>23,985,423</b>	<b>4,007,616</b>	<b>8,251,515</b>	<b>7,865,406</b>	<b>386,109</b>

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

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,462,483)	\$ 4,009,390	\$ 6,471,873	\$ (604,329)	\$ (285,614)	\$ 318,715
OTHER FINANCING SOURCES (USES)						
Transfers in	753,358.00	1,413,551.00	660,193.00			
Transfers out	(531,607)	(461,103)	70,504			
Capital loan proceeds				100,000	267,241	167,241
TOTAL OTHER FINANCING SOURCES (USES)	221,751	852,448	730,697	100,000	267,241	167,241
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(2,240,732)	4,961,838	7,202,570	(504,329)	(18,373)	485,956
FUND BALANCES - JANUARY 1	7,794,305	21,646,718	13,852,411	1,500,000	2,813,385	1,313,365
FUND BALANCES - DECEMBER 31	\$ 5,553,573	\$ 26,608,554	\$ 21,054,981	\$ 995,671	\$ 2,794,992	\$ 1,799,321

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

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

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

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

**B. Basis of Presentation - Regulatory Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Arkansas Code requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of: a balance sheet; a statement of revenues (receipts), expenditures (disbursements), and changes in fund equity (balances); a comparison of the final adopted budget to the actual expenditures for the general fund and road fund; notes to the financial statements; and a supplemental schedule of capital assets.

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

**General Fund** - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Treasurer, Collector, Assessor, Central Supply, Drug-Buy, Blue Cross/Blue Shield Employee Self Insurance and Historic Courthouse Renovation.

**Road Fund** - The Road Fund is used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for maintaining and constructing County roads.

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

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for specific purposes. The following Special Revenue Funds are reported with other funds in the aggregate: Emergency 9-1-1, HIV Clinic, Community Grants, Jail Operations Sales Tax, Recorder's Cost, County Clerk's Cost, Sheriff's Communication Facility and Equipment, Juvenile Counsel Fee, Support Collection Cost, Treasurer's Automation, Law Enforcement Grants, Drug Court Grant, Rural Community Grants, Collector's Automation, County Clerk's Recorder and Automation Cost, Court Automation, Fire Marshall Grants, Office of Emergency Services Grants, Homeland Security Grant, Community Emergency Response Team Grant and Library.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The following Debt Service Fund is reported with other funds in the aggregate: Juvenile Detention Complex Bond Payment.

**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: County Judge's account (Juvenile Detention Center and petty cash/change funds), County Treasurer's accounts (Law Library, Flex Spending, ACDEP Water Project, USDA Southeast Water Project, Devil's Den Water Project, Common School, Fayetteville TIF District, HAZMAT, Checking Interest, Treasurer's Operating, Collector's Operating and Assessor's Operating), Collector's accounts (Current/Delinquent Tax, Escrow and cash change funds), Sheriff's accounts (Fee, Felony Bond and Execution), County Clerk's accounts (Fee and Trust), Circuit Clerk's accounts (Fee, Advanced Cost, Child Support, Circuit Fines and Costs - Adult and Circuit Fines and Costs - Juvenile) and Assessor account (change fund).

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

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

**C. Basis of Accounting**

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

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable, interfund receivables, and capital assets) and their related receipts and certain liabilities (such as accounts payable, interfund payables, and long-term debt) and their related disbursements are not recorded in these financial statements.

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

Cash and Cash Equivalents

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

Liabilities

For the purpose of financial reporting, liabilities include payroll taxes withheld but not yet paid and settlements pending. Settlements pending are considered fees, fines, forfeitures, costs, excess commissions/salary and expenses and interest received that have not been transferred to the appropriate entities.

Fund Balance

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

**E. Property Taxes**

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 10.

**F. Budget Law**

1. Legal Requirements

State law requires that the Quorum Court, before the end of each fiscal year, make appropriations, by ordinance, for the disbursements of County government for the following year. The Quorum Court may make appropriation amendments at any time during the current fiscal year. Appropriations lapse at the end of each year. Under certain conditions, the budget may be amended subsequent to the year-end.

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund and the other Special Revenue Funds.

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

**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/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.

**NOTE 4: Legal Debt Limit**

A. Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to ten percent (10%) of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2007, the legal debt limit for bonded debt was \$250,315,511. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to two and one half percent (2.5%) of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2007, the legal debt limit for short-term financing obligations was \$64,836,761. The amount of short-term financing obligations was \$1,165,215 leaving a legal debt margin of \$63,671,546.

**NOTE 5: Reserved Fund Balance**

Reserved fund balance consists of the following:

	December 31, 2007
<u>General</u>	
Blue Cross/Blue Shield Employee Self-Insurance	\$ 2,294,626
<u>Road</u>	\$ 2,794,992

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

**NOTE 5: Reserved Fund Balance (Continued)**

Reserved fund balance consists of the following:

	December 31, 2007
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
Emergency 9-1-1	\$ 194,126
HIV Clinic	66,190
Community Grants	1,826
Jail Operations Sales Tax	3,464,943
Recorder's Cost	999,941
County Clerk's Cost	19,023
Sheriff's Communication Facility and Equipment	501,187
Juvenile Counsel Fee	2,855
Support Collection Cost	15,733
Treasurer's Automation	6,182
Law Enforcement Grants	116,639
Drug Court Grant	40,639
Rural Community Grants	11,471
Collector's Automation	226,104
County Clerk's Recorder and Automation Cost	439,422
Court Automation	75,329
Fire Marshall Grants	52,196
Office of Emergency Services Grants	17,442
Homeland Security Grant	43,176
Library	588,677
Total Special Revenue	6,882,901
Debt Service Fund:	
Juvenile Detention Complex Bond Payment	1,189,167
Total Other Funds in the Aggregate	\$ 8,072,068

**NOTE 6: Commitments**

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

	December 31, 2007
Long-term debt	\$ 3,572,217
Noncancellable lease	247,213
Construction contract	72,420
Professional services contract	3,296,000
Total Commitments	\$ 7,187,850

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

**NOTE 6: Commitments (Continued)**

Long-Term Debt

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

	December 31, 2007
<b>Capital Improvement Bonds Payable</b>	
County Ordinance No. 03-29 approved the issuance of Washington County, Arkansas - Capital Improvement Refunding Revenue Bonds (Juvenile Detention Center Project), Series 2003, in the amount of \$2,465,000, bearing interest at 1.35% - 3.6% per annum, with scheduled maturities on August 1st in each of the years 2004 through 2014. Payments to be made from Juvenile Detention Complex Bond Payment Fund.	<u>\$ 1,645,000</u>
<b>General Revenue Promissory Notes Payable</b>	
County Ordinance No. 04-12 approved the issuance of Washington County, Arkansas - General Revenue Promissory Notes (Refunding and Road Equipment Project), Series 2004A and 2004B, in the amount of \$1,595,000 and \$2,245,000, respectively. Series 2004A matured on November 1, 2004. Series 2004B bears interest at 1.25% - 2.6% per annum, with scheduled maturities of April 1st in each of the years 2005 through 2009. Payments to be made from the Road Fund.	920,000
County Ordinance No. 03-31 authorized the issuance and sale of General Revenue Promissory Notes (Road Department Land Purchase), Series 2003, for the purchase of land in the amount of \$125,000, bearing interest at 3.65% per annum, with accrued interest and principal paid monthly on the amount of the outstanding principal balance until June 26, 2008. Payments to be made from the Road Fund.	13,802
County Ordinance No. 07-12 authorized the issuance and sale of General Revenue Promissory Notes (Crusher Project), Series 2007, for the purchase of land and road equipment in the amount of \$267,241, of the outstanding principal balance until May 21, 2007. Payments to be made from the Road Fund.	<u>231,413</u>
<b>Total General Revenue Promissory Notes Payable</b>	<u>1,165,215</u>
<b>Compensated Absences</b>	<u>762,002</u>
<b>TOTAL LONG-TERM DEBT</b>	<u><u>\$ 3,572,217</u></u>

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

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

**NOTE 6: Commitments (Continued)**

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2007:

Years Ending December 31,	Bonds	Notes	Total
2008	\$ 266,710	\$ 559,954	\$ 826,664
2009	266,335	544,721	811,056
2010	265,175	73,675	338,850
2011	268,425	30,688	299,123
2012	265,905		265,905
2013 through 2014	537,345		537,345
Total Obligations	1,869,895	1,209,048	3,078,943
Less Interest	224,895	43,833	268,728
Total Principal	<u>\$ 1,645,000</u>	<u>\$ 1,165,215</u>	<u>\$ 2,810,215</u>

Noncancellable Lease

The County entered into a noncancellable lease agreement for 9-1-1 equipment on September 14, 2005. Terms of the lease are annual rental payments of \$91,602 for five years. The County has not recognized the lease as capital in nature and therefore has not recorded the equipment in their fixed asset records. The County has obtained an amortization schedule to identify principal and interest payments. The County is obligated for the following amounts for the next three years:

Year	December 31, 2007
2008	\$ 91,602
2009	91,602
2010	91,602
Total scheduled payments	274,806
Less amount representing interest	27,593
Total	<u>\$ 247,213</u>

Rental expense for 2007 was \$91,602.

Construction Contract

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

Project Name	Estimated Completion Date	Contract Balance December 31, 2007
Washington County Old Courthouse Renovation	December 31, 2007	<u>\$ 72,420</u>

Professional Services Contract

The County entered into a professional services contract for \$3,296,000 with Arkansas CAMA Technology for real estate appraisal and appraisal maintenance on December 28, 2007. Terms of the contract were thirty-six payments of \$91,556 each with a prorated reduction of \$3,333 on those payments for the cost of the County's licensing agreement with Pictometry software. The County is obligated for the entire contract of \$3,296,000 as of December 31, 2007.

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

**NOTE 7: Interfund Transfers**

The General Fund transferred \$461,103 to the Other Funds in the Aggregate to supplement the budget of the Jail Operations Sales Tax Fund with \$311,936, to lend \$100,000 to the Emergency 9-1-1 Fund (which was repaid in 2008), to reimburse \$17,560 to the County Clerk's Cost Fund for prior years' County Clerk's costs and to support the Drug Court Grant Fund with \$31,607 for their operating budget. The General Fund received \$1,413,551 from the Other Funds in the Aggregate. Of that amount, the Jail Operations Sales Tax Fund transferred \$36,000 for firing range construction costs, the Recorder's Cost Fund transferred \$1,231,034 of excess funds, the Sheriff's Communication Facility and Equipment Fund transferred \$146,500 for the purchase of an airplane and \$17 was transferred from the Community Emergency Response Team Grant Fund upon its closure.

**NOTE 8: Subsequent Events**

The County purchased the "Terminella Building" on August 25, 2008, for \$4,488,786 using available funds.

The County issued Capital Improvement Bonds on November 1, 2008 in the amount of \$5,600,000. The proceeds are to be used for the Historic Courthouse Renovation Project.

The County entered into contracts for razing the old parking deck and installing a new parking deck on November 17, 2008. The estimated costs for the project are \$6,500,000.

**NOTE 9: 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.

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

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

**NOTE 9: Risk Management (Continued)**

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

**NOTE 10: 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 11: Self-Insured Benefits**

The County provides an insurance benefits plan for employees, on a self-insured basis. Blue Advantage Administrators of Arkansas is currently the third party administrator, which provides claims administration/adjudication services for a set monthly fee based on the number of covered employees. As of December 31, 2007, the balance in the account was \$2,294,626, and is reflected in the financial statements as the General Fund's reserved fund balance. To safeguard against catastrophic claims expenses, the County also maintains a reinsurance policy with SAFECO, which will fund individual claims that exceed \$100,000 per occurrence.

**NOTE 12: Joint Venture**

Washington County and the City of Springdale entered into an interlocal agreement for the "County" Bomb Team. The County received a total of \$1,261,400 for equipment for use by the City of Springdale Bomb Team that services the entire County. The County is to maintain the equipment in their inventory for three years after the grant's closure date. The equipment is then turned over to the City of Springdale upon the expiration of that time period. The official grant closure date for the Fiscal Year 2002 Grant - Phase 1 was July 28, 2006 for \$761,400 in equipment. The official grant closure date for the Fiscal Year 2003 Grant - Phase 2 is April 2, 2008 for \$500,000 worth of equipment.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Emergency 9-1-1	HIV Clinic	Community Grants	Jail Operations Sales Tax	Recorder's Cost	County Clerk's Cost	Sheriff's Communication Facility and Equipment	Juvenile Counsel Fee	Support Collection Cost
<b>ASSETS</b>									
Cash and cash equivalents	\$ 194,167	\$ 66,190	\$ 1,826	\$ 3,468,703	\$ 1,000,000	\$ 19,023	\$ 501,187	\$ 2,655	\$ 15,733
Escrow deposits with fiscal agent									
<b>TOTAL ASSETS</b>	<u>\$ 194,167</u>	<u>\$ 66,190</u>	<u>\$ 1,826</u>	<u>\$ 3,468,703</u>	<u>\$ 1,000,000</u>	<u>\$ 19,023</u>	<u>\$ 501,187</u>	<u>\$ 2,655</u>	<u>\$ 15,733</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Payroll taxes withheld	\$ 41			\$ 3,760	\$ 59				
Settlements pending									
<b>Total Liabilities</b>	<u>41</u>			<u>3,760</u>	<u>59</u>				
<b>Fund Balances:</b>									
Reserved	194,126	\$ 66,190	\$ 1,826	3,464,943	999,941	\$ 19,023	\$ 501,187	\$ 2,655	\$ 15,733
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 194,167</u>	<u>\$ 66,190</u>	<u>\$ 1,826</u>	<u>\$ 3,468,703</u>	<u>\$ 1,000,000</u>	<u>\$ 19,023</u>	<u>\$ 501,187</u>	<u>\$ 2,655</u>	<u>\$ 15,733</u>

Emergency 9-1-1	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services and to provide an emergency answering system for the County and local law enforcement, ambulance and fire departments.
HIV Clinic	Fund originally established to account for state and local grants. Now supported by health insurance proceeds and local contributions.
Community Grants	Fund established to account for local grants.
Jail Operations Sales Tax	Ordinance No. 2002-12 established 1/4% sales tax for the maintenance and operation of the Jail and Sheriff's facilities.
Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerk to be used for automated record systems and any legitimate county purpose.
County Clerk's Cost	Ark. Code Ann. § 16-20-407 established a \$2 marriage licenses fee to be used for county clerk cost.
Sheriff's 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 funds to be used for communications equipment and repair and to train operations staff.
Juvenile Counsel Fee	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Support Collection Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Law Enforcement Grants	Drug Court Grant	Rural Community Grants	Collector's Automation	County Clerk's Recorder and Automation Cost	Court Automation	Fire Marshall Grants	Office of Emergency Services Grants
<b>ASSETS</b>									
Cash and cash equivalents	\$ 6,182	\$ 116,639	\$ 40,720	\$ 11,471	\$ 226,104	\$ 439,422	\$ 75,329	\$ 52,196	\$ 17,442
Escrow deposits with fiscal agent									
<b>TOTAL ASSETS</b>	<b>\$ 6,182</b>	<b>\$ 116,639</b>	<b>\$ 40,720</b>	<b>\$ 11,471</b>	<b>\$ 226,104</b>	<b>\$ 439,422</b>	<b>\$ 75,329</b>	<b>\$ 52,196</b>	<b>\$ 17,442</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Payroll taxes withheld			\$ 81						
Settlements pending									
<b>Total Liabilities</b>			<b>.81</b>						
<b>Fund Balances:</b>									
Reserved	\$ 6,182	\$ 116,639	40,639	\$ 11,471	\$ 226,104	\$ 439,422	\$ 75,329	\$ 52,196	\$ 17,442
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,182</b>	<b>\$ 116,639</b>	<b>\$ 40,720</b>	<b>\$ 11,471</b>	<b>\$ 226,104</b>	<b>\$ 439,422</b>	<b>\$ 75,329</b>	<b>\$ 52,196</b>	<b>\$ 17,442</b>

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.
Law Enforcement Grants	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. This fund is also used to account for other federal and state grants and work release fees.
Drug Court Grant	Fund originally established to account for federal grant. Currently funded by Circuit Court costs.
Rural Community Grants	Fund established to account for state grants and County and local matching funds.
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.
County Clerk's Recorder and Automation Cost	Ark. Code Ann. § 21-6-413 established a percentage of Clerk's fees to be used to purchase, maintain and operate an automated records system.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.
Fire Marshall Grants	Fund established to account for state grant for County Fire Marshall. Now funded by local grants.
Office of Emergency Services Grants	Fund established to account for various federal grants for emergency services.

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

Schedule 1

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	AGENCY FUNDS				
	Homeland Security Grant	Library	Juvenile Detention Complex Bond Payment	Judge's Accounts	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts
<b>ASSETS</b>								
Cash and cash equivalents	\$ 43,176	\$ 588,803	\$ 746,738	\$ 438	\$ 5,912,055	\$ 734,212	\$ 194,581	\$ 410,694
Escrow deposits with fiscal agent			442,429					
<b>TOTAL ASSETS</b>	<b>\$ 43,176</b>	<b>\$ 588,803</b>	<b>\$ 1,189,167</b>	<b>\$ 438</b>	<b>\$ 5,912,055</b>	<b>\$ 734,212</b>	<b>\$ 194,581</b>	<b>\$ 410,694</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Payroll taxes withheld		\$ 126						
Settlements pending				\$ 438	\$ 5,912,055	\$ 734,212	\$ 194,581	\$ 410,694
<b>Total Liabilities</b>		<b>126</b>		<b>438</b>	<b>5,912,055</b>	<b>734,212</b>	<b>194,581</b>	<b>410,694</b>
<b>Fund Balances:</b>								
Reserved	\$ 43,176	588,877	\$ 1,189,167					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,176</b>	<b>\$ 588,803</b>	<b>\$ 1,189,167</b>	<b>\$ 438</b>	<b>\$ 5,912,055</b>	<b>\$ 734,212</b>	<b>\$ 194,581</b>	<b>\$ 410,694</b>

Homeland Security Grant      Grants received for Homeland Security and Law Enforcement Terrorism Prevention Program.

Library      Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.

Juvenile Detention Complex Bond Payment      County Ordinance No. 2003-29 established fund to receive circuit court fines and costs levied and pledged to pay revenue bonds for the construction of the Juvenile Detention Center.

Judge's Accounts      Judge's accounts are mainly change funds for several departments.

Treasurer's Accounts      Treasurer's accounts consist primarily of property taxes, excess commissions, other agencies' funds and interest not distributed to the appropriate entities.

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

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

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

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

Schedule 1

AGENCY FUNDS			
	Circuit Clerk's Accounts	Assessor's Accounts	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 680,243	\$ 150	\$ 15,586,079
Escrow deposits with fiscal agent			442,429
<b>TOTAL ASSETS</b>	<b>\$ 680,243</b>	<b>\$ 150</b>	<b>\$ 16,008,508</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Payroll taxes withheld			\$ 4,087
Settlements pending	\$ 680,243	\$ 150	7,932,373
<b>Total Liabilities</b>	<b>680,243</b>	<b>150</b>	<b>7,936,440</b>
<b>Fund Balances:</b>			
Reserved			8,072,068
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 680,243</b>	<b>\$ 150</b>	<b>\$ 16,008,508</b>

Circuit Clerk's Accounts

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

Assessor's Accounts

Assessor's accounts consist of copy machine fees not yet remitted to the Treasurer.

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

Schedule 2

SPECIAL REVENUE FUNDS

	Emergency 9-1-1	HIV Clinic	Community Grants	Jail Operations Sales Tax	Recorder's Cost	County Clerk's Cost	Sheriff's Communication Facility and Equipment	Juvenile Counsel Fee	Support Collection Cost
<b>RECEIPTS</b>									
State aid									
Federal aid									
Property taxes									
Sales taxes				\$ 7,511,250					
Fines, forfeitures and costs									
Interest	\$ 3,670	\$ 2,705	\$ 1,700	175,273	\$ 76,677	\$ 255	\$ 25,800	\$ 122	\$ 613
Officers' fees					1,284,063	1,238	84,379		50,210
Jail fees				2,346,963					
911 fees	777,521								
Collector's commission									
Other	16,924	59,986		252,954	20,803		211,355	1	416
<b>TOTAL RECEIPTS</b>	<b>798,115</b>	<b>62,691</b>	<b>1,700</b>	<b>10,286,440</b>	<b>1,381,543</b>	<b>1,493</b>	<b>321,534</b>	<b>123</b>	<b>51,239</b>
Less: Treasurer's commission	15,623	54		201,561	26,968	30	6,327	2	1,016
<b>NET RECEIPTS</b>	<b>782,492</b>	<b>62,637</b>	<b>1,700</b>	<b>10,084,879</b>	<b>1,354,575</b>	<b>1,463</b>	<b>315,207</b>	<b>121</b>	<b>50,223</b>
<b>DISBURSEMENTS</b>									
Current:									
General government					612,823				39,242
Law enforcement				10,684,226			160,895		
Public safety	784,668								
Health		48,474							
Recreation and culture			60,303						
Total Current	784,668	48,474	60,303	10,684,226	612,823		160,895		39,242
Debt Service:									
Bond principal									
Bond interest and other charges									
<b>TOTAL DISBURSEMENTS</b>	<b>784,668</b>	<b>48,474</b>	<b>60,303</b>	<b>10,684,226</b>	<b>612,823</b>		<b>160,895</b>		<b>39,242</b>

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

Schedule 2

SPECIAL REVENUE FUNDS

	Emergency 9-1-1	HIV Clinic	Community Grants	Jail Operations Sales Tax	Recorder's Cost	County Clerk's Cost	Sheriff's Communication Facility and Equipment	Juvenile Counsel Fee	Support Collection Cost
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,176)	\$ 14,163	\$ (58,603)	\$ (599,347)	\$ 741,752	\$ 1,463	\$ 154,312	\$ 121	\$ 10,981
OTHER FINANCING SOURCES (USES)									
Transfers in	100,000			311,936		17,560			
Transfers out				(36,000)	(1,231,034)		(146,500)		
TOTAL OTHER FINANCING SOURCES (USES)	100,000			275,936	(1,231,034)	17,560	(146,500)		
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	97,824	14,163	(58,603)	(323,411)	(489,282)	19,023	7,812	121	10,981
FUND BALANCES - JANUARY 1	86,302	52,027	60,429	3,788,354	1,489,223		493,375	2,534	4,752
FUND BALANCES - DECEMBER 31	<u>\$ 194,126</u>	<u>\$ 66,190</u>	<u>\$ 1,826</u>	<u>\$ 3,464,943</u>	<u>\$ 999,941</u>	<u>\$ 19,023</u>	<u>\$ 501,187</u>	<u>\$ 2,655</u>	<u>\$ 15,733</u>

Emergency 9-1-1 Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services and to provide an emergency answering system for the County and local law enforcement, ambulance and fire departments.

HIV Clinic Fund originally established to account for state and local grants. Now supported by health insurance proceeds and local contributions.

Community Grants Fund established to account for local grants.

Jail Operations Sales Tax Ordinance No. 2002-12 established 1/4% sales tax for the maintenance and operation of the Jail and Sheriff's facilities.

Recorder's Cost Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerk to be used for automated record systems and any legitimate county purpose.

County Clerk's Cost Ark. Code Ann. § 16-20-407 established a \$2 marriage licenses fee to be used for county clerk cost.

Sheriff's 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 funds to be used for communications equipment and repair and to train operations staff.

Juvenile Counsel Fee Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.

Support Collection Cost Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Law Enforcement Grants	Drug Court Grant	Rural Community Grants	Collector's Automation	County Clerk's Recorder and Automation Cost	Court Automation	Fire Marshall Grants	Office of Emergency Services Grants
<b>RECEIPTS</b>									
State aid		\$ 12,335							
Federal aid		71,077							
Property taxes									
Sales taxes									
Fines, forfeitures and costs		61,984					\$ 15,368		
Interest	\$ 396	6,520	\$ 1,625	\$ 906	\$ 9,102	\$ 20,733	3,500	\$ 2,435	\$ 830
Officers' fees		30,790	25,992			94,911			
Jail fees									
911 fees									
Collector's commission					152,454				
Other		16,228	519	2,969		1,882	254	37	66
<b>TOTAL RECEIPTS</b>	<b>396</b>	<b>198,924</b>	<b>28,136</b>	<b>3,875</b>	<b>161,556</b>	<b>117,526</b>	<b>19,122</b>	<b>2,472</b>	<b>896</b>
Less: Treasurer's commission		2,234	552	76		2,253	359	49	17
<b>NET RECEIPTS</b>	<b>396</b>	<b>196,690</b>	<b>27,584</b>	<b>3,799</b>	<b>161,556</b>	<b>115,273</b>	<b>18,763</b>	<b>2,423</b>	<b>879</b>
<b>DISBURSEMENTS</b>									
Current:									
General government	4,021			36,848	73,624	5,818			
Law enforcement		207,758	38,105				744		
Public safety								1,100	
Health									
Recreation and culture									
Total Current	4,021	207,758	38,105	36,848	73,624	5,818	744	1,100	
Debt Service:									
Bond principal									
Bond interest and other charges									
<b>TOTAL DISBURSEMENTS</b>	<b>4,021</b>	<b>207,758</b>	<b>38,105</b>	<b>36,848</b>	<b>73,624</b>	<b>5,818</b>	<b>744</b>	<b>1,100</b>	

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Law Enforcement Grants	Drug Court Grant	Rural Community Grants	Collector's Automation	County Clerk's Recorder and Automation Cost	Court Automation	Fire Marshall Grants	Office of Emergency Services Grants
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,625)	\$ (11,068)	\$ (10,521)	\$ (33,049)	\$ 87,932	\$ 109,455	\$ 18,019	\$ 1,323	\$ 879
OTHER FINANCING SOURCES (USES)									
Transfers in			31,607						
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)			<u>31,607</u>						
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(3,625)	(11,068)	21,086	(33,049)	87,932	109,455	18,019	1,323	879
FUND BALANCES - JANUARY 1	<u>9,807</u>	<u>127,707</u>	<u>19,553</u>	<u>44,520</u>	<u>138,172</u>	<u>329,967</u>	<u>57,310</u>	<u>50,873</u>	<u>16,563</u>
FUND BALANCES - DECEMBER 31	<u>\$ 6,182</u>	<u>\$ 116,639</u>	<u>\$ 40,639</u>	<u>\$ 11,471</u>	<u>\$ 226,104</u>	<u>\$ 439,422</u>	<u>\$ 75,329</u>	<u>\$ 52,196</u>	<u>\$ 17,442</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.

Law Enforcement Grants

Ark. Code Ann. § 21-6-302 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. This fund is also used to account for other federal and state grants and work release fees.

Drug Court Grant

Fund originally established to account for federal grant. Currently funded by Circuit Court costs.

Rural Community Grants

Fund established to account for state grants and County and local matching funds.

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.

County Clerk's Recorder and Automation  
Cost

Ark. Code Ann. § 21-6-413 established a percentage of Clerk's fees to be used to purchase, maintain and operate an automated records system.

Court Automation

Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.

Fire Marshall Grants

Fund established to account for state grant for County Fire Marshall. Now funded by local grants.

Office of Emergency Services Grants

Fund established to account for various federal grants for emergency services.

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

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE	Totals
	Homeland Security Grant	County Emergency Response Team Grant	Library	Juvenile Detention Complex Bond Payment	
RECEIPTS					
State aid			\$ 308,339		\$ 320,674
Federal aid	\$ 62,898				133,975
Property taxes			1,297,148		1,297,148
Sales taxes					7,511,250
Fines, forfeitures and costs				\$ 528,665	606,017
Interest	1,588	\$ 1	14,490	52,390	401,331
Officers' fees					1,571,573
Jail fees					2,346,963
911 fees					777,521
Collector's commission					152,454
Other	132	1	71,142	7,530	663,199
<b>TOTAL RECEIPTS</b>	<b>64,618</b>	<b>2</b>	<b>1,691,119</b>	<b>588,585</b>	<b>15,782,105</b>
Less: Treasurer's commission	32		30,018	11,154	298,325
<b>NET RECEIPTS</b>	<b>64,586</b>	<b>2</b>	<b>1,661,101</b>	<b>577,431</b>	<b>15,483,780</b>
DISBURSEMENTS					
Current:					
General government					772,376
Law enforcement	7,356				11,099,084
Public safety	16,044				801,812
Health					48,474
Recreation and culture			1,666,768		1,727,071
Total Current	23,400		1,666,768		14,448,817
Debt Service:					
Bond principal				210,000	210,000
Bond interest and other charges				59,790	59,790
<b>TOTAL DISBURSEMENTS</b>	<b>23,400</b>		<b>1,666,768</b>	<b>269,790</b>	<b>14,718,607</b>

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

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE	
	Homeland Security Grant	County Emergency Response Team Grant	Library	Juvenile Detention Complex Bond Payment	Totals
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 41,186	\$ 2	\$ (5,667)	\$ 307,641	\$ 765,173
OTHER FINANCING SOURCES (USES)					
Transfers in					461,103
Transfers out		(17)			(1,413,551)
TOTAL OTHER FINANCING SOURCES (USES)		(17)			(952,448)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	41,186	(15)	(5,667)	307,641	(187,275)
FUND BALANCES - JANUARY 1	1,990	15	594,344	881,526	8,259,343
FUND BALANCES - DECEMBER 31	\$ 43,176	\$ 0	\$ 588,677	\$ 1,189,167	\$ 8,072,068

Homeland Security Grant

Grants received for Homeland Security and Law Enforcement Terrorism Prevention Program.

County Emergency Response Team Grant

Fund established to account for grant for County Emergency Response Team.

Library

Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.

Juvenile Detention Complex Bond Payment

County Ordinance No. 2003-29 established fund to receive circuit court fines and costs levied and pledged to pay revenue bonds for the construction of the Juvenile Detention Center.

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

Schedule 3

	<u>December 31, 2007</u>
Land	\$ 3,429,074
Buildings and improvements	47,584,377
Equipment	<u>22,112,273</u>
Total	<u>\$ 73,125,724</u>