

**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

**December 31, 2018**

**Schedule of Expenditures of Federal Awards – Cash Basis  
And  
Supplementary Information**

**With**

**Independent Auditor's Report**



**FROST**, PLLC  
Certified Public Accountants

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## **Independent Auditor's Report**

County Quorum Court  
Washington County, Arkansas, Federal Programs  
Washington County, Arkansas

### **Report on Schedule of Expenditures of Federal Awards**

We have audited the accompanying schedule of expenditures of federal awards – cash basis of Washington County, Arkansas, Federal Programs, a component unit of Washington County, Arkansas, for the year ended December 31, 2018 and the related notes (the “financial statement”).

#### *Management's Responsibility*

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the cash basis of accounting; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of Washington County, Arkansas, Federal Programs for the year ended December 31, 2018 in accordance with the cash basis of accounting as described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the financial statement of the federal programs as a whole. The accompanying supplementary information contained on pages 7 through 13 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

### **Report Issued in Accordance With Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2019, on our consideration of Washington County, Arkansas, Federal Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County, Arkansas, Federal Programs' internal control over financial reporting and compliance.

*Frost, PLLC*

Certified Public Accountants

Little Rock, Arkansas  
September 19, 2019

**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

**Schedule of Expenditures of Federal Awards – Cash Basis**

**For the Year Ended December 31, 2018**

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<b>Major Programs</b>				
Office of National Drug Control Policy				
High Intensity Drug Trafficking Area FY 2017	G17GC004A	95.001	\$ 268,659	\$ 191,050
High Intensity Drug Trafficking Area FY 2018	G18GC004A	95.001	49,314	42,859
Substance Abuse and Mental Health Services Administration				
Drug Courts FY 2017	1H79TI080136-01	93.243	322,173	-
Drug Courts FY 2018	5H79TI080136-02	93.243	12,347	-
Total major programs			<u>652,493</u>	<u>233,909</u>
<b>Nonmajor Programs</b>				
U.S. Department of Health and Human Services Medical Reserve Corps Capacity Building Award FY10	IMRCSG101005-01	93.008	3,659	-
U.S. Department of Homeland Security Federal Emergency Management Agency Passed through the State of Arkansas Department of Emergency Management				
Disaster Grants - Public Assistance	4254-DR	97.036	294,451	-
Disaster Grants - Public Assistance	4318-DR	97.036	187,728	-
U.S. Department of Homeland Security Federal Emergency Management Agency Passed through the State of Arkansas Department of Emergency Management State Homeland Security Grant Program				
Urban Search and Rescue Program FY 2016	SHSGP-FY-16-USAR	97.067	255,000	-
Urban Search and Rescue Program FY 2017	SHSGP-FY-17-USAR	97.067	198,142	-
Special Weapons and Tactics FY 2016	FY-16-SHSGP-SWAT	97.067	65,148	-
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	97.067	39,420	-
U.S. Department of Justice State Criminal Alien Assistance Program FY 2016	2016-AP-BX-0055	16.606	24,672	-
Emergency Management Performance Grants FY 2017	FY17-EMPG	97.042	76,895	-

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<b>Nonmajor Programs (cont.)</b>				
U.S. Department of Transportation				
Highway Safety Cluster				
Passed through the Arkansas State Police				
Selective Traffic Enforcement Project FY 2017/2018	OP-2018-03-02-36	20.600	\$ 2,316	\$ -
Selective Traffic Enforcement Project FY 2017/2018	SE-2018-13-01-36	20.600	3,757	-
Selective Traffic Enforcement Project FY 2017/2018	M5X-2018-05-06-36	20.616	<u>2,727</u>	<u>-</u>
Total nonmajor programs			<u>1,153,915</u>	<u>-</u>
Total programs			<u>\$ 1,806,408</u>	<u>\$ 233,909</u>

The accompanying notes are an integral part of this financial statement.

## Notes to Schedule of Expenditures of Federal Awards – Cash Basis

For the Year Ended December 31, 2018

1. Summary of Significant Accounting Policies

- a. **Organization** – The schedule of expenditures of federal awards (“SEFA”) of Washington County, Arkansas, Federal Programs (the “County”) is a report on the federal programs of Washington County, Arkansas, which are specifically defined below.

<u>Grant Name</u>	<u>Grant Number</u>	<u>Abbreviation</u>
Disaster Grants - Public Assistance	4254-DR	FEMA-4254
Disaster Grants - Public Assistance	4318-DR	FEMA-4318
Emergency Management Performance Grants FY 2016	FY16-EMPG	EMPG-FY16
Emergency Management Performance Grants FY 2017	FY17-EMPG	EMPG-FY17
High Intensity Drug Trafficking Area FY 2017	G17GC004A	HIDTA-FY17
High Intensity Drug Trafficking Area FY 2018	G18GC004A	HIDTA-FY18
Medical Reserve Corps - Capacity Building Award	IMRCSG101005-01	MRC-FY10
Medical Reserve Corps - Capacity Building Award	5MRCSG101005-03	MRC-FY13
Selective Traffic Enforcement Project FY 2017/2018	OP-2018-03-02-36	STEP-FY17/18
Selective Traffic Enforcement Project FY 2017/2018	SE-2018-13-01-36	STEP-FY17/18
Selective Traffic Enforcement Project FY 2017/2018	M5X-2018-05-06-36	STEP-FY17/18
Special Weapons and Tactics FY 2016	FY-16-SHSGP-SWAT	SWAT-FY16
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	SWAT-FY17
State Criminal Alien Assistance Program FY 2016	2016-AP-BX-0055	SCAAP-FY16
State Criminal Alien Assistance Program FY 2017	2019-AP-BX-0456	SCAAP-FY17
State Homeland Security Grant Program		
Urban Search and Rescue Program FY 2015	SHSGP-FY-15-USAR	SHSG-FY15
State Homeland Security Grant Program		
Urban Search and Rescue Program FY 2016	SHSGP-FY-16-USAR	SHSG-FY16
Substance Abuse and Mental Health Services		
Search and Rescue Program FY 2017	SHSGP-FY-17-USAR	SHSG-FY17
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 2017	1H79TI080136-01	SAMHSA-FY17
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 2018	5H79TI080136-02	SAMHSA-FY18

- b. **Financial reporting** – This report includes all funds and accounts directly related to the above mentioned grants.
- c. **Basis of presentation** – The SEFA includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFA presents only a selected portion of the operations of the County, it is not intended to and does not include all of the funds and account groups relevant to the operations of the County.

## Notes to Schedule of Expenditures of Federal Awards – Cash Basis

For the Year Ended December 31, 2018

1. **Summary of Significant Accounting Policies (cont.)**

- d. **Basis of accounting** – Expenditures reported on the SEFA are reported on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. All transactions relating to the County’s participation in the federal programs are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the SEFA. Disbursements are recognized following the cost principles contained in the U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County operates under an elected form of government similar to a mayor-council format. Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in the Government Accounting Standards Board Statement No. 14, “The Financial Reporting Entity,” have been considered. The SEFA represents only the federal programs of the County, and do not include data of other funds of the primary government necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

2. **Indirect Cost Rate**

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 200.414, “Indirect (F&A) Costs.”

3. **Contingencies**

The County is subject to possible examinations with respect to grants made by regulations governing its grant activities. These examinations may result in required refunds by the County to the grantors.

4. **Subrecipients**

Several local governmental law enforcement agencies are subrecipients for the Office of National Drug Control Policy High Intensity Drug Trafficking Area grants. Disbursements to subrecipients are considered to be made when the grants’ funds are received and then subsequently disbursed to the subrecipients.



**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

**Notes to Schedule of Expenditures of Federal Awards – Cash Basis**

**For the Year Ended December 31, 2018**

5. **Budgets (Unaudited)**

The budgets, if applicable, for the grants identified in Note 1 are as follows:

	SHSG- <u>FY15</u>	SHSG- <u>FY16</u>	SHSG- <u>FY17</u>	SWAT- <u>FY16</u>
Program costs				
Machinery and equipment	\$ 163,000	\$ 229,000	\$ 235,000	\$ 137,517
Other	-	-	-	-
Personnel	-	-	-	-
Professional fees and services	-	-	-	-
Supplies	-	-	-	-
Training	52,000	26,000	30,000	25,000
Transportation	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program costs	<u>\$ 225,000</u>	<u>\$ 255,000</u>	<u>\$ 265,000</u>	<u>\$ 162,517</u>

<u>SWAT-</u> <u>FY17</u>	<u>HIDTA-</u> <u>FY17</u>	<u>HIDTA-</u> <u>FY18</u>	<u>SAMHSA-</u> <u>FY17</u>	<u>SAMHSA-</u> <u>FY18</u>	<u>STEP-</u> <u>FY17/18</u>	<u>Total</u>
\$ 148,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 912,741
-	84,815	81,765	271,523	203,616	-	641,719
-	209,264	230,975	41,527	41,527	20,000	543,293
-	69,049	83,904	-	69,667	-	222,620
-	15,100	4,494	-	4,000	-	23,594
37,000	-	-	-	3,300	-	173,300
-	3,000	3,816	11,950	2,890	-	31,656
<u>\$ 185,224</u>	<u>\$ 381,228</u>	<u>\$ 404,954</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 20,000</u>	<u>\$ 2,548,923</u>

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Statement of Cash Receipts, Disbursements and  
Changes in Fund Balances – Cash Basis

For the Year Ended December 31, 2018

	SHSG- <u>FY15</u>	SHSG- <u>FY16</u>	SHSG- <u>FY17</u>
Receipts			
Federal advances/reimbursements	\$ 43,397	\$ 255,000	\$ 190,940
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	-	255,000	198,142
Other	-	-	-
Total disbursements	<u>-</u>	<u>255,000</u>	<u>198,142</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	43,397	-	(7,202)
Fund balances (deficit) - beginning of year	<u>(43,397)</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,202)</u>

<u>SWAT- FY16</u>	<u>SWAT- FY17</u>	<u>EMPG- FY16</u>	<u>EMPG- FY17</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>
\$ 96,019	\$ 31,905	\$ 15,136	\$ 56,351	\$ -	\$ -
-	-	-	-	-	-
-	-	-	76,895	-	-
65,148	39,420	-	-	24,672	-
-	-	-	-	-	-
<u>65,148</u>	<u>39,420</u>	<u>-</u>	<u>76,895</u>	<u>24,672</u>	<u>-</u>
30,871	(7,515)	15,136	(20,544)	(24,672)	-
<u>(30,933)</u>	<u>-</u>	<u>(15,136)</u>	<u>-</u>	<u>33,184</u>	<u>-</u>
<u>\$ (62)</u>	<u>\$ (7,515)</u>	<u>\$ -</u>	<u>\$ (20,544)</u>	<u>\$ 8,512</u>	<u>\$ -</u>

See independent auditor's report.

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Statement of Cash Receipts, Disbursements and  
Changes in Fund Balances – Cash Basis (cont.)

For the Year Ended December 31, 2018

	MRC- <u>FY10</u>	MRC- <u>FY13</u>	HIDTA- <u>FY17</u>
Receipts			
Federal advances/reimbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,659</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	-	-	268,659
Other	<u>3,659</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>3,659</u>	<u>-</u>	<u>268,659</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	(3,659)	-	-
Fund balances (deficit) - beginning of year	<u>5,000</u>	<u>1,560</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 1,341</u>	<u>\$ 1,560</u>	<u>\$ -</u>

<u>HIDTA- FY18</u>	<u>SAMHSA- FY17</u>	<u>SAMHSA- FY18</u>	<u>STEP- FY17/18</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>Total</u>
\$ 49,314	\$ 323,695	\$ 12,347	\$ 8,806	\$ -	\$ 265,855	\$ 1,617,424
-	-	-	-	294,451	187,728	482,179
-	-	-	-	-	-	76,895
49,314	-	-	8,800	-	-	909,155
<u>-</u>	<u>322,173</u>	<u>12,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,179</u>
<u>49,314</u>	<u>322,173</u>	<u>12,347</u>	<u>8,800</u>	<u>294,451</u>	<u>187,728</u>	<u>1,806,408</u>
-	1,522	-	6	(294,451)	78,127	(188,984)
<u>-</u>	<u>(1,524)</u>	<u>-</u>	<u>(2,349)</u>	<u>(63,923)</u>	<u>(396,503)</u>	<u>(514,021)</u>
<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (2,343)</u>	<u>\$ (358,374)</u>	<u>\$ (318,376)</u>	<u>\$ (703,005)</u>

See independent auditor's report.

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Statement of Cash Receipts, Disbursements and  
Changes in Fund Balances from Inception – Cash Basis

For the Year Ended December 31, 2018

	SHSG- <u>FY15</u>	SHSG- <u>FY16</u>	SHSG- <u>FY17</u>
Fund balances - inception of grant	\$ -	\$ -	\$ -
Receipts			
Federal advances/reimbursements	<u>225,000</u>	<u>255,000</u>	<u>190,940</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	225,000	255,000	198,142
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>225,000</u>	<u>255,000</u>	<u>198,142</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,202)</u>

<u>SWAT- FY16</u>	<u>SWAT- FY17</u>	<u>EMPG- FY16</u>	<u>EMPG- FY17</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>162,517</u>	<u>31,905</u>	<u>76,895</u>	<u>56,351</u>	<u>57,488</u>	<u>-</u>
-	-	-	-	-	-
-	-	76,895	76,895	-	-
162,579	39,420	-	-	48,976	-
-	-	-	-	-	-
<u>162,579</u>	<u>39,420</u>	<u>76,895</u>	<u>76,895</u>	<u>48,976</u>	<u>-</u>
<u>\$ (62)</u>	<u>\$ (7,515)</u>	<u>\$ -</u>	<u>\$ (20,544)</u>	<u>\$ 8,512</u>	<u>\$ -</u>

See independent auditor's report.



WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Statement of Cash Receipts, Disbursements and  
Changes in Fund Balances from Inception – Cash Basis (cont.)

For the Year Ended December 31, 2018

	MRC- <u>FY10</u>	MRC- <u>FY13</u>	HIDTA- <u>FY17</u>
Fund balances - inception of grant	\$ -	\$ -	\$ -
Receipts			
Federal advances/reimbursements	<u>5,000</u>	<u>4,000</u>	<u>350,096</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	-	-	350,096
Other	<u>3,659</u>	<u>2,440</u>	<u>-</u>
Total disbursements	<u>3,659</u>	<u>2,440</u>	<u>350,096</u>
Fund balances (deficit) - end of year	<u>\$ 1,341</u>	<u>\$ 1,560</u>	<u>\$ -</u>

<u>HIDTA- FY18</u>	<u>SAMHSA- FY17</u>	<u>SAMHSA- FY18</u>	<u>STEP- FY17/18</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>49,314</u>	<u>324,998</u>	<u>12,347</u>	<u>8,806</u>	<u>429,967</u>	<u>265,855</u>	<u>2,506,479</u>
-	-	-	-	788,341	584,231	1,372,572
-	-	-	-	-	-	153,790
49,314	-	-	11,149	-	-	1,339,676
-	<u>325,000</u>	<u>12,347</u>	-	-	-	<u>343,446</u>
<u>49,314</u>	<u>325,000</u>	<u>12,347</u>	<u>11,149</u>	<u>788,341</u>	<u>584,231</u>	<u>3,209,484</u>
<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (2,343)</u>	<u>\$ (358,374)</u>	<u>\$ (318,376)</u>	<u>\$ (703,005)</u>

See independent auditor's report.

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Schedule of Sources and Status of Funds – Cash Basis

For the Year Ended December 31, 2018

	SHSG- <u>FY15</u>	SHSG- <u>FY16</u>	SHSG- <u>FY17</u>
Total program funds allocated	\$ 225,000	\$ 255,000	\$ 265,000
Less drawdowns in prior fiscal years	181,603	-	-
Less drawdowns during current period	43,397	255,000	190,940
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,060</u>
Program funds drawn down by recipient	\$ 43,397	\$ 255,000	\$ 190,940
Plus program funds available from prior year (committed to prior year)	<u>(43,397)</u>	<u>-</u>	<u>-</u>
Total program funds	-	255,000	190,940
Less funds applied to program costs	<u>-</u>	<u>255,000</u>	<u>198,142</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,202)</u>

<u>SWAT- FY16</u>	<u>SWAT- FY17</u>	<u>EMPG- FY16</u>	<u>EMPG- FY17</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>
\$ 162,517	\$ 185,224	\$ 76,895	\$ 76,895	\$ 57,488	\$ 82,701
66,498	-	61,759	-	57,488	-
96,019	31,905	15,136	56,351	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 153,319</u>	<u>\$ -</u>	<u>\$ 20,544</u>	<u>\$ -</u>	<u>\$ 82,701</u>
\$ 96,019	\$ 31,905	\$ 15,136	\$ 56,351	\$ -	\$ -
<u>(30,933)</u>	<u>-</u>	<u>(15,136)</u>	<u>-</u>	<u>33,184</u>	<u>-</u>
65,086	31,905	-	56,351	33,184	-
<u>65,148</u>	<u>39,420</u>	<u>-</u>	<u>76,895</u>	<u>24,672</u>	<u>-</u>
<u>\$ (62)</u>	<u>\$ (7,515)</u>	<u>\$ -</u>	<u>\$ (20,544)</u>	<u>\$ 8,512</u>	<u>\$ -</u>

See independent auditor's report.

**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

**Schedule of Sources and Status of Funds – Cash Basis (cont.)**

**For the Year Ended December 31, 2018**

	<u>MRC- FY10</u>	<u>MRC- FY13</u>	<u>HIDTA- FY17</u>
Total program funds allocated	\$ 5,000	\$ 4,000	\$ 381,228
Less drawdowns in prior fiscal years	-	4,000	81,437
Less drawdowns during current period	-	-	268,659
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 31,132</u>
Program funds drawn down by recipient	\$ -	\$ -	\$ 268,659
Plus program funds available from prior year (committed to prior year)	<u>5,000</u>	<u>1,560</u>	<u>-</u>
Total program funds	5,000	1,560	268,659
Less funds applied to program costs	<u>3,659</u>	<u>-</u>	<u>268,659</u>
Total program funds available for disposition (committed)	<u>\$ 1,341</u>	<u>\$ 1,560</u>	<u>\$ -</u>

<u>HIDTA- FY18</u>	<u>SAMHSA- FY17</u>	<u>SAMHSA- FY18</u>	<u>STEP- FY17/18</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>Total</u>
\$ 404,954	\$ 325,000	\$ 325,000	\$ 20,000	\$ 921,792	\$ 1,118,254	\$ 4,891,948
-	1,303	-	-	429,967	-	884,055
49,314	323,695	12,347	8,806	-	265,855	1,617,424
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,851</u>	<u>-</u>	<u>-</u>	<u>8,851</u>
<u>\$ 355,640</u>	<u>\$ 2</u>	<u>\$ 312,653</u>	<u>\$ 2,343</u>	<u>\$ 491,825</u>	<u>\$ 852,399</u>	<u>\$ 2,381,618</u>
\$ 49,314	\$ 323,695	\$ 12,347	\$ 8,806	\$ -	\$ 265,855	\$ 1,617,424
<u>-</u>	<u>(1,524)</u>	<u>-</u>	<u>(2,349)</u>	<u>(63,923)</u>	<u>(396,503)</u>	<u>(514,021)</u>
49,314	322,171	12,347	6,457	(63,923)	(130,648)	1,103,403
<u>49,314</u>	<u>322,173</u>	<u>12,347</u>	<u>8,800</u>	<u>294,451</u>	<u>187,728</u>	<u>1,806,408</u>
<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (2,343)</u>	<u>\$ (358,374)</u>	<u>\$ (318,376)</u>	<u>\$ (703,005)</u>

See independent auditor's report.

**Supplementary Data**

**For the Year Ended December 31, 2018**

Name and Address:	Washington County 280 North College, Suite 530 Fayetteville, Arkansas 72701
Employer Identification Number:	71-6003197
Telephone Number:	(479) 444-1708
Contacts:	Joseph Woods, County Judge Sharon Lloyd, Grant Administrator

**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

County Quorum Court  
Washington County, Arkansas, Federal Programs  
Washington County, Arkansas

We have audited, in accordance with the cash basis of accounting and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of expenditures of federal awards (“SEFA”) of Washington County, Arkansas, Federal Programs (the “County”) for the year ended December 31, 2018, and the related notes to the SEFA, and have issued our report thereon dated September 19, 2019.

**Internal Control Over Financial Reporting**

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

*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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s SEFA will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as an item [2018-001] that we consider to be a material weakness.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's SEFA is free from material misstatement, we performed tests of its compliance with certain provisions of 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*.

We noted certain other matters that we reported to the County's management in a separate letter dated September 19, 2019.

### **The County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the SEFA and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frost, PLLC*

Certified Public Accountants

Little Rock, Arkansas  
September 19, 2019

**Independent Auditor's Report on Compliance for Each  
Major Federal Program and Report on Internal Control  
Over Compliance in Accordance With the Uniform Guidance**

County Quorum Court  
Washington County, Arkansas, Federal Programs  
Washington County, Arkansas

**Report on Compliance for Each Major Federal Program**

We have audited the Washington County, Arkansas, Federal Programs' (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the cash basis of accounting; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Frost, PLLC*

Certified Public Accountants

Little Rock, Arkansas  
September 19, 2019

**Schedule of Findings and Questioned Costs**

**For the Year Ended December 31, 2018**

**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs. Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

CFDA Number(s) and Name of Federal Program or Cluster

High Intensity Drug Trafficking Area	95.001
Substance Abuse and Mental Health Services Administration	93.243

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?  Yes  No

**Schedule of Findings and Questioned Costs (cont.)**

**For the Year Ended December 31, 2018**

**Section II: Financial Statement Findings**

*Material Weakness*

Finding:	2018-001
Criteria:	Preparation of the Schedule of Expenditures of Federal Awards (“SEFA”)
Condition and Context:	The SEFA, as prepared by Washington County, Arkansas, Federal Programs (the “County”), did not include an accurate record of total expenses for the Federal Grants as expended the year the expenditures occurred.
Cause:	Because of personnel changes the County experienced in its Grant Administration Department during the past two years, formal procedures were not in place to ensure a smooth transition between personnel regarding the various grant documentation and reporting requirements.
Effect or Potential Effect:	Material misstatements to the SEFA.
Recommendation:	We recommend the County establish a comprehensive manual of accounting policies and procedures specific to the grant administration process. We also recommend the County establish an annual training program for grant personnel to keep abreast of the various changes that may occur to the grant administration and reporting process.
Responsible Official’s Response:	The Grant Administration Department has updated its statement of operating procedures to include processes to ensure that expenditures will be included in the audit spreadsheet as expended the year the expenditures occurred.

**Section III: Federal Awards Findings**

No matters are reportable.