

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

December 31, 2019

**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, 2019 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 auditing standards generally accepted in the United States of America; 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, 2019 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 been subjected to auditing procedures applied in the audit of the financial statement of the federal programs and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Report Issued in Accordance With Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2020, 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
October 19, 2020

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Schedule of Expenditures of Federal Awards – Cash Basis

For the Year Ended December 31, 2019

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
Major Programs				
U.S. Department of Homeland Security Federal Emergency Management Agency Passed through the State of Arkansas Department of Emergency Management Disaster Grants - Public Assistance	4318-DR	97.036	\$ 663,156	\$ -
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration Washington-Madison County Adult Drug Court Substance Abuse Treatment Expansion	5H79TI080136-02	93.243	312,639	-
Washington-Madison County Adult Drug Court Substance Abuse Treatment Expansion	6H79TI080136-03	93.243	<u>137,169</u>	<u>-</u>
Total major programs			<u>1,112,964</u>	<u>-</u>
Nonmajor Programs				
Office of National Drug Control Policy High Intensity Drug Trafficking Area FY 2017	G17GC004A	95.001	31,132	-
High Intensity Drug Trafficking Area FY 2018	G18GC004A	95.001	238,184	142,627
High Intensity Drug Trafficking Area FY 2019	G19GC004A	95.001	89,792	79,609
U.S. Department of Homeland Security/ Federal Emergency Management Agency Passed through the State of Arkansas Department of Emergency Management Homeland Security Grant Program Urban Search and Rescue Program FY 2017	SHSGP-FY-17-USAR	97.067	66,891	-
Urban Search and Rescue Program FY 2018	SHSGP-FY-18-USAR	97.067	24,338	-
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	97.067	145,442	-
Special Weapons and Tactics FY 2018	FY-18-SHSGP-SWAT	97.067	34,499	-
Weapons of Mass Destruction Grant FY 2018	FY-18-SHSGP-WMD	97.067	92,788	-
Emergency Management Performance Grant FY 2018	FY18-EMPG	97.042	76,895	-
U.S. Department of Justice State Criminal Alien Assistance Program FY 2016	2016-AP-BX-0055	16.606	8,512	-
State Criminal Alien Assistance Program FY 2017	2019-AP-BX-0456	16.606	82,701	-

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
Nonmajor Programs (cont.)				
U.S. Department of Transportation				
Highway Safety Cluster				
Passed through the Arkansas State Police				
Selective Traffic Enforcement Project FY 2019/2020	OP-2020-02-02-31	20.600	\$ 1,261	\$ -
Selective Traffic Enforcement Project FY 2019/2020	SE-2020-01-01-31	20.600	6,247	-
Selective Traffic Enforcement Project FY 2019/2020	M5X-2020-06-06-31	20.616	2,400	-
Selective Traffic Enforcement Project FY 2019/2020	DD-2020-02-02-31	20.600	1,495	-
Selective Traffic Enforcement Project FY 2019/2020	Equipment	20.600	4,889	-
Selective Traffic Enforcement Project FY 2019/2020	Other Direct Costs	N/A	1,000	-
Total nonmajor programs			<u>908,466</u>	<u>222,236</u>
Total programs			<u>\$ 2,021,430</u>	<u>\$ 222,236</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, 2019

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 Grant FY 2017	FY17-EMPG	EMPG-FY17
Emergency Management Performance Grant FY 2018	FY18-EMPG	EMPG-FY18
Homeland Security Grant Program		
Urban Search and Rescue Program FY 2017	SHSGP-FY-17-USAR	SHSG-FY17
Homeland Security Grant Program		
Urban Search and Rescue Program FY 2018	SHSGP-FY-18-USAR	SHSG-FY18
Homeland Security Grant Program		
Urban Search and Rescue Program FY 2019	SHSGP-FY-19-USAR	SHSG-FY19
High Intensity Drug Trafficking Area FY 2017	G17GC004A	HIDTA-FY17
High Intensity Drug Trafficking Area FY 2018	G18GC004A	HIDTA-FY18
High Intensity Drug Trafficking Area FY 2019	G19GC004A	HIDTA-FY19
Medical Reserve Corps - Capacity Building Award FY10	IMRCSG101005-01	MRC-FY10
Medical Reserve Corps - Capacity Building Award FY13	5MRCSG101005-03	MRC-FY13
Selective Traffic Enforcement Project FY 2019/2020	OP-2020-02-02-31	STEP-FY19/20
Selective Traffic Enforcement Project FY 2019/2020	SE-2020-01-01-31	STEP-FY19/20
Selective Traffic Enforcement Project FY 2019/2020	M5X-2020-06-06-31	STEP-FY19/20
Selective Traffic Enforcement Project FY 2019/2020	DD-2020-02-02-31	STEP-FY19/20
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	SWAT-FY17
Special Weapons and Tactics FY 2018	FY-18-SHSGP-SWAT	SWAT-FY18
Special Weapons and Tactics FY 2019	FY-19-SHSGP-SWAT	SWAT-FY19
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 Criminal Alien Assistance Program FY 2018	2019-AP-BX-1098	SCAAP-FY18
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 2018	5H79TI080136-02	SAMHSA-FY18
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 2019	6H79TI080136-03	SAMHSA-FY19
Weapons of Mass Destruction Grant FY 2018	FY-18-SHSGP-WMD	WMD-FY18
Weapons of Mass Destruction Grant FY 2019	FY-19-SHSGP-WMD	WMD-FY19

- 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, 2019. 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*

Notes to Schedule of Expenditures of Federal Awards – Cash Basis

For the Year Ended December 31, 2019

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

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.

- 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 does 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, 2019

5. **Budgets (Unaudited)**

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

	SHSG- <u>FY17</u>	SHSG- <u>FY18</u>	SHSG- <u>FY19</u>	SWAT- <u>FY17</u>	SWAT- <u>FY18</u>
Program costs					
Machinery and equipment	\$ 235,000	\$ 345,951	\$ 156,000	\$ 148,224	\$ 247,000
Other	-	-	-	-	-
Personnel	-	-	-	-	-
Professional fees and services	-	-	-	-	-
Supplies	-	-	-	-	-
Training	30,000	-	110,000	37,000	-
Transportation	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total program costs	<u>\$ 265,000</u>	<u>\$ 345,951</u>	<u>\$ 266,000</u>	<u>\$ 185,224</u>	<u>\$ 247,000</u>

<u>SWAT-</u> <u>FY19</u>	<u>HIDTA-</u> <u>FY17</u>	<u>HIDTA-</u> <u>FY18</u>	<u>HIDTA-</u> <u>FY19</u>	<u>SAMHSA-</u> <u>FY18</u>	<u>SAMHSA-</u> <u>FY19</u>	<u>STEP-</u> <u>FY19/20</u>	<u>Total</u>
\$ 315,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,452,235
-	84,815	81,765	65,835	203,616	202,449	1,000	639,480
-	209,264	230,975	172,861	41,527	41,694	20,200	716,521
-	69,049	83,904	85,535	69,667	69,667	-	377,822
-	15,100	4,494	2,000	4,000	5,000	-	30,594
51,000	-	-	-	3,300	3,300	-	234,600
-	3,000	3,816	5,000	2,890	2,890	-	17,596
<u>\$ 366,060</u>	<u>\$ 381,228</u>	<u>\$ 404,954</u>	<u>\$ 331,231</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 26,200</u>	<u>\$ 3,468,848</u>

WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

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

For the Year Ended December 31, 2019

	SHSG- <u>FY17</u>	SHSG- <u>FY18</u>	SWAT- <u>FY17</u>
Receipts			
Federal advances/reimbursements	<u>\$ 72,234</u>	<u>\$ -</u>	<u>\$ 18,832</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	66,891	24,338	145,442
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>66,891</u>	<u>24,338</u>	<u>145,442</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	5,343	(24,338)	(126,610)
Fund balances (deficit) - beginning of year	<u>(7,202)</u>	<u>-</u>	<u>(7,515)</u>
Fund balances (deficit) - end of year	<u>\$ (1,859)</u>	<u>\$ (24,338)</u>	<u>\$ (134,125)</u>

<u>SWAT- FY18</u>	<u>EMPG- FY17</u>	<u>EMPG- FY18</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>	<u>SCAAP- FY18</u>	<u>MRC- FY10</u>
\$ -	\$ 20,544	\$ 65,937	\$ -	\$ 82,701	\$ 54,994	\$ -
-	-	-	-	-	-	-
-	-	76,895	-	-	-	-
34,499	-	-	8,512	82,701	-	-
-	-	-	-	-	-	-
<u>34,499</u>	<u>-</u>	<u>76,895</u>	<u>8,512</u>	<u>82,701</u>	<u>-</u>	<u>-</u>
(34,499)	20,544	(10,958)	(8,512)	-	54,994	-
<u>-</u>	<u>(20,544)</u>	<u>-</u>	<u>8,512</u>	<u>-</u>	<u>-</u>	<u>1,341</u>
<u>\$ (34,499)</u>	<u>\$ -</u>	<u>\$ (10,958)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,994</u>	<u>\$ 1,341</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, 2019

	MRC- <u>FY13</u>	HIDTA- <u>FY17</u>	HIDTA- <u>FY18</u>
Receipts			
Federal advances/reimbursements	\$ -	\$ 31,132	\$ 238,184
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	-	31,132	238,184
Other	-	-	-
Total disbursements	<u>-</u>	<u>31,132</u>	<u>238,184</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	-	-	-
Fund balances (deficit) - beginning of year	<u>1,560</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 1,560</u>	<u>\$ -</u>	<u>\$ -</u>

<u>HIDTA- FY19</u>	<u>SAMHSA- FY18</u>	<u>SAMHSA- FY19</u>	<u>STEP- FY19/20</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>WMD- FY18</u>	<u>Total</u>
\$ 89,792	\$ 312,639	\$ 137,822	\$ 17,292	\$ 798,226	\$ -	\$ 88,039	\$ 2,028,368
-	-	-	-	-	663,156	-	663,156
-	-	-	-	-	-	-	76,895
89,792	-	-	17,292	-	-	-	738,783
-	312,639	137,169	-	-	-	92,788	542,596
<u>89,792</u>	<u>312,639</u>	<u>137,169</u>	<u>17,292</u>	<u>-</u>	<u>663,156</u>	<u>92,788</u>	<u>2,021,430</u>
-	-	653	-	798,226	(663,156)	(4,749)	6,938
-	-	-	-	(772,913)	(188,659)	-	(985,420)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 25,313</u>	<u>\$ (851,815)</u>	<u>\$ (4,749)</u>	<u>\$ (978,482)</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, 2019

	SHSG- <u>FY17</u>	SHSG- <u>FY18</u>	SWAT- <u>FY17</u>
Fund balances - inception of grant	\$ -	\$ -	\$ -
Receipts			
Federal advances/reimbursements	<u>263,174</u>	<u>-</u>	<u>50,737</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	265,033	24,338	184,862
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>265,033</u>	<u>24,338</u>	<u>184,862</u>
Fund balances (deficit) - end of year	<u>\$ (1,859)</u>	<u>\$ (24,338)</u>	<u>\$ (134,125)</u>

<u>SWAT- FY18</u>	<u>EMPG- FY17</u>	<u>EMPG- FY18</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>	<u>SCAAP- FY18</u>	<u>MRC- FY10</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>76,895</u>	<u>65,937</u>	<u>57,488</u>	<u>82,701</u>	<u>54,994</u>	<u>5,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>76,895</u>	<u>76,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,499</u>	<u>-</u>	<u>-</u>	<u>57,488</u>	<u>82,701</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,659</u>
<u>34,499</u>	<u>76,895</u>	<u>76,895</u>	<u>57,488</u>	<u>82,701</u>	<u>-</u>	<u>3,659</u>
<u><u>\$ (34,499)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,958)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,994</u></u>	<u><u>\$ 1,341</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, 2019

	<u>MRC- FY13</u>	<u>HIDTA- FY17</u>	<u>HIDTA- FY18</u>
Fund balances - inception of grant	\$ -	\$ -	\$ -
Receipts			
Federal advances/reimbursements	<u>4,000</u>	<u>381,228</u>	<u>287,498</u>
Disbursements			
Capital outlay and equipment	-	-	-
Emergency management	-	-	-
Law enforcement	-	381,228	287,498
Other	<u>2,440</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,440</u>	<u>381,228</u>	<u>287,498</u>
Fund balances (deficit) - end of year	<u>\$ 1,560</u>	<u>\$ -</u>	<u>\$ -</u>

<u>HIDTA- FY19</u>	<u>SAMHSA- FY18</u>	<u>SAMHSA- FY19</u>	<u>STEP- FY19/20</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>WMD- FY18</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>89,792</u>	<u>324,986</u>	<u>137,822</u>	<u>17,292</u>	<u>1,228,193</u>	<u>265,856</u>	<u>88,039</u>	<u>3,481,632</u>
-	-	-	-	1,202,880	1,117,671	-	2,320,551
-	-	-	-	-	-	-	153,790
89,792	-	-	17,292	-	-	-	1,424,731
<u>-</u>	<u>324,986</u>	<u>137,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,788</u>	<u>561,042</u>
<u>89,792</u>	<u>324,986</u>	<u>137,169</u>	<u>17,292</u>	<u>1,202,880</u>	<u>1,117,671</u>	<u>92,788</u>	<u>4,460,114</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 25,313</u>	<u>\$ (851,815)</u>	<u>\$ (4,749)</u>	<u>\$ (978,482)</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, 2019

	SHSG- <u>FY17</u>	SHSG- <u>FY18</u>	SHSG- <u>FY19</u>	SWAT- <u>FY17</u>
Total program funds allocated	\$ 265,000	\$ 345,951	\$ 266,000	\$ 185,224
Less drawdowns in prior fiscal years	190,940	-	-	31,905
Less drawdowns during current period	72,234	-	-	18,832
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ 1,826</u>	<u>\$ 345,951</u>	<u>\$ 266,000</u>	<u>\$ 134,487</u>
Program funds drawn down by recipient	\$ 72,234	\$ -	\$ -	\$ 18,832
Plus program funds available from prior year (committed to prior year)	<u>(7,202)</u>	<u>-</u>	<u>-</u>	<u>(7,515)</u>
Total program funds	65,032	-	-	11,317
Less funds applied to program costs	<u>66,891</u>	<u>24,338</u>	<u>-</u>	<u>145,442</u>
Total program funds available for disposition (committed)	<u>\$ (1,859)</u>	<u>\$ (24,338)</u>	<u>\$ -</u>	<u>\$ (134,125)</u>

<u>SWAT- FY18</u>	<u>SWAT- FY19</u>	<u>EMPG- FY17</u>	<u>EMPG- FY18</u>	<u>SCAAP- FY16</u>	<u>SCAAP- FY17</u>	<u>SCAAP- FY18</u>	<u>MRC- FY10</u>
\$ 247,000	\$ 366,060	\$ 76,895	\$ 76,895	\$ 57,488	\$ 82,701	\$ 54,994	\$ 5,000
-	-	56,351	-	57,488	-	-	5,000
-	-	20,544	65,937	-	82,701	54,994	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 247,000</u>	<u>\$ 366,060</u>	<u>\$ -</u>	<u>\$ 10,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 20,544	\$ 65,937	\$ -	\$ 82,701	\$ 54,994	\$ -
<u>-</u>	<u>-</u>	<u>(20,544)</u>	<u>-</u>	<u>8,512</u>	<u>-</u>	<u>-</u>	<u>1,341</u>
-	-	-	65,937	8,512	82,701	54,994	1,341
<u>34,499</u>	<u>-</u>	<u>-</u>	<u>76,895</u>	<u>8,512</u>	<u>82,701</u>	<u>-</u>	<u>-</u>
<u>\$ (34,499)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,958)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,994</u>	<u>\$ 1,341</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, 2019

	<u>MRC- FY13</u>	<u>HIDTA- FY17</u>	<u>HIDTA- FY18</u>	<u>HIDTA- FY19</u>
Total program funds allocated	\$ 4,000	\$ 381,228	\$ 404,954	\$ 331,231
Less drawdowns in prior fiscal years	4,000	350,096	49,314	-
Less drawdowns during current period	-	31,132	238,184	89,792
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,456</u>	<u>\$ 241,439</u>
Program funds drawn down by recipient	\$ -	\$ 31,132	\$ 238,184	\$ 89,792
Plus program funds available from prior year (committed to prior year)	<u>1,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program funds	1,560	31,132	238,184	89,792
Less funds applied to program costs	<u>-</u>	<u>31,132</u>	<u>238,184</u>	<u>89,792</u>
Total program funds available for disposition (committed)	<u>\$ 1,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>SAMHSA- FY18</u>	<u>SAMHSA- FY19</u>	<u>STEP- FY19/20</u>	<u>FEMA- 4254</u>	<u>FEMA- 4318</u>	<u>WMD- FY18</u>	<u>WMD- FY19</u>	<u>Total</u>
\$ 325,000	\$ 325,000	\$ 26,200	\$ 921,792	\$ 1,118,254	\$ 235,000	\$ 297,701	\$ 6,399,568
12,347	-	-	429,967	265,856	-	-	1,453,264
312,639	137,822	17,292	798,226	-	88,039	-	2,028,368
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 14</u>	<u>\$ 187,178</u>	<u>\$ 8,908</u>	<u>\$ (306,401)</u>	<u>\$ 852,398</u>	<u>\$ 146,961</u>	<u>\$ 297,701</u>	<u>\$ 2,917,936</u>
\$ 312,639	\$ 137,822	\$ 17,292	\$ 798,226	\$ -	\$ 88,039	\$ -	\$ 2,028,368
<u>-</u>	<u>-</u>	<u>-</u>	<u>(772,913)</u>	<u>(188,659)</u>	<u>-</u>	<u>-</u>	<u>(985,420)</u>
312,639	137,822	17,292	25,313	(188,659)	88,039	-	1,042,948
<u>312,639</u>	<u>137,169</u>	<u>17,292</u>	<u>-</u>	<u>663,156</u>	<u>92,788</u>	<u>-</u>	<u>2,021,430</u>
<u>\$ -</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 25,313</u>	<u>\$ (851,815)</u>	<u>\$ (4,749)</u>	<u>\$ -</u>	<u>\$ (978,482)</u>

See independent auditor's report.

Supplementary Data

For the Year Ended December 31, 2019

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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of expenditures of federal awards (“SEFA”) of Washington County, Arkansas, Federal Programs (the “County”) for the year ended December 31, 2019, and the related notes to the SEFA, and have issued our report thereon dated October 19, 2020.

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 opinion 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 [2019-001] 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*.

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.



Certified Public Accountants

Little Rock, Arkansas
October 19, 2020

**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, 2019. 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 auditing standards generally accepted in the United States of America; 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 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, 2019.

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
October 19, 2020

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

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

Disaster Grants - Public Assistance 97.036

Washington-Madison County Adult Drug Court Substance Abuse Treatment Expansion 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, 2019

Section II: Financial Statement Findings

Material Weakness

Finding: 2019-001

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: Material adjustments were made to the 2018 and 2019 SEFA because formal procedures were not in place to ensure expenses were recorded properly in line reporting requirements.

Effect or Potential Effect: Material misstatements to the SEFA, specifically related to the FEMA grant. The 2018 SEFA was restated in order to properly state expenditures that occurred in 2018 and 2019 as a result of the current year audit.

	FEMA <u>4254 DR</u>
Original report balance at December 31, 2018	\$ 294,451
Expenditures not originally report in 2018	<u>284,823</u>
Revised report balance at December 31, 2018	<u>\$ 579,274</u>

Recommendation: We recommend the County establish a comprehensive manual of accounting policies and procedures specific to the grant administration process that includes reconciling all grant activity to the underlying records. The County should establish a review process in order to catch and correct potential errors that may arise. 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.

View of Responsible Officials: The County agrees with the auditor’s finding. The County has added processes related to grants, specifically the FEMA grant, in order to ensure all expenses are properly captured on the SEFA

Schedule of Findings and Questioned Costs (cont.)

For the Year Ended December 31, 2019

Corrective Action Plan:



JOSEPH K. WOOD
County Judge

280 N. College Ave, Ste 500
Fayetteville, AR 72701

WASHINGTON COUNTY, ARKANSAS
County Courthouse

October 13, 2020

TO WHOM IT MAY CONCERN:

This letter is to address the material misstatements to the SEFA, specifically related to the FEMA grant that our Auditors Frost, PLLC have provided on the Schedule of Findings and Questioned Costs worksheet/letter.

When the Grants Department was preparing our Workbook to submit for FEMA DR 4254 for reimbursements, we realized that we did not have sufficient invoices for the expenditures on this project. The Grants Department contacted the Roads Department and it was discovered that Roads had paid out invoices through their Roads budget that had not been reported to the Grants Department. Our Audit had already occurred for that year in question and we could not go back and change the total numbers.

Washington County Grants Department informed Frost this year that we had expenditures on our FEMA grant that had not been reported. Frost has corrected the expenditures for our 2018 Audit.

Since this unintended error occurred, the Road Department and the Grants Department have an understanding that all invoices spent on any grant will come to the Grants Department for approval to pay so that we will have a record of ALL expenditures. This had not been the practice in the past.

With the assistance of our County Comptroller, the Grants Department is striving to always maintain proper records for all our Grants.

Sincerely,

A handwritten signature in blue ink that reads "Sharon Lloyd".

Sharon Lloyd
Grants Administrator
sloyd@co.washington.ar.us
479-444-1895

Schedule of Findings and Questioned Costs (cont.)

For the Year Ended December 31, 2019

Section III: Federal Awards Findings

No matters are reportable.