

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

December 31, 2013

**Schedule of Expenditures of Federal Awards
And
Supplementary Information**

With

Independent Auditor's Report

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Independent Auditor's Report

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

Report on the Financial Statement

We have audited the accompanying schedule of expenditures of federal awards of Washington County, Arkansas, Federal Programs, a component unit of Washington County, Arkansas, for the year ended December 31, 2013, and the related notes to the schedule of expenditures of federal awards.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement of the federal programs 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards 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.

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Opinion

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the federal programs of Washington County, Arkansas, Federal Programs for the year ended December 31, 2013, 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 9 through 15 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 audits 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 January 27, 2014, 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
January 27, 2014

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Loans/ Expenditures</u>
Major Programs			
U.S. Department of Agriculture ("USDA")			
Passed through the State of Arkansas Department of Emergency Management			
USDA Loan Program	03-072-8103	10.781	\$ 853,852
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Administration -			
Drug Courts FY 2012	1H79TI024160-01	93.243	250,098
Substance Abuse and Mental Health Services Administration -			
Drug Courts FY 2013	5H79TI024160-02	93.243	28,563
U.S. Department of Homeland Security Federal Emergency Management Agency			
Passed through the State of Arkansas Department of Emergency Management			
Law Enforcement Terrorism Prevention Activities FY2011	-	97.067	39,062
State Homeland Security Grant Program FY2011	-	97.067	82,480
State Homeland Security Grant Program - Urban Search and Rescue FY 2011	-	97.067	39,055
State Homeland Security Grant Program - Urban Search and Rescue FY 2012	-	97.067	<u>190,700</u>
Total major programs			<u>1,483,810</u>
Nonmajor Programs			
U.S. Department of Homeland Security Federal Emergency Management Agency			
Passed through the State of Arkansas Department of Emergency Management			
Interoperable Emergency Communication Grant Program FY2010	-	97.055	6,977
Emergency Management Preparedness Grant FY 2013	-	97.042	64,167
Passed through the Arkansas Department of Human Services			
Juvenile Accountability Block Grant FY 2012	-	16.523	8,152
Passed through the City of Fayetteville, Arkansas			
Edward Byrne Memorial Grant Drug Task Force FY 2012/2013	J12-014	16.738	11,960
Edward Byrne Memorial Grant Drug Task Force FY 2013/2014	J13-014	16.738	13,858
Justice Assistance Grant FY 2012	-	16.738	13,685
Justice Assistance Grant FY 2013	-	16.738	13,751
U.S. Department of Housing and Urban Development			
Passed through the Arkansas Community and Economic Development			
Southeast Phase II Water Project	790-08650-10	14.228	1,819,897
Community Development Block Grant - Fire Protection	790-08780-12	14.228	71,749
Community Development Block Grant - Economic Development	794-00170-08	14.228	295,001

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

Schedule of Expenditures of Federal Awards (cont.)

For the Year Ended December 31, 2013

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Loans/ Expenditures</u>
Nonmajor Programs (cont.)			
U.S. Department of Transportation			
Passed through the Arkansas State Police			
Selective Traffic Enforcement Project FY 2012/2013	OP-2013-03-0230	20.600	\$ 3,819
	OP-2013-03-0230	20.601	2,578
Office of National Drug Control Policy			
High Intensity Drug Trafficking Area FY2011	G11GC0004A	95.001	18,807
High Intensity Drug Trafficking Area FY2012	G12GC0004A	95.001	181,835
High Intensity Drug Trafficking Area FY2013	G13GC0004A	95.001	<u>129,902</u>
Total nonmajor programs			<u>2,656,138</u>
Total programs			<u>\$ 4,139,948</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

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Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

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>
Community Development Block Grant - Economic Development	794-00170-08	CDBG ED
Community Development Block Grant - Fire Protection	790-08780-12	CDBG Fire
Edward Byrne Memorial Grant Drug Task Force FY 2012/2013	J12-014	EBMGDTF 12/13
Edward Byrne Memorial Grant Drug Task Force FY 2013/2014	J13-014	EBMGDTF 13/14
Emergency Management Performance Grant FY 2012	-	EMPG FY12
High Intensity Drug Trafficking Area FY 2011	G11GC0004A	HIDTA 2011
High Intensity Drug Trafficking Area FY 2012	G12BC0004A	HIDTA 2012
High Intensity Drug Trafficking Area FY 2013	G13GC0004A	HIDTA 2013
Interoperable Emergency Communications Grant Program FY 2010	-	IECG FY10
Justice Assistance Grant FY 2012	-	JAG FY12
Justice Assistance Grant FY 2013	-	JAG FY13
Juvenile Accountability Block Grant FY 2012	-	JABG FY12
Law Enforcement Terrorism Prevention Activities FY 2011	-	LETPA FY11
Selective Traffic Enforcement Project FY 2012/2013	OP-2013-03-0230	STEP FY 12/13
Southeast Phase II Water Project	790-08650-10	SE Phase II WP
State Criminal Alien Assistance Program FY 2013	-	SCAAP FY13
State Homeland Security Grant Program - Urban Search and Rescue Program FY 2011	-	SHSG-USR FY 11
State Homeland Security Grant Program - Urban Search and Rescue Program FY 2012	-	SHSG-USR FY 12
State Homeland Security Grant Program FY 2011	-	SHSG FY11
Substance Abuse and Mental Health Services Administration - Drug Courts FY 2012	1H79TI024160-01	SAMHSA 2012
Substance Abuse and Mental Health Services Administration - Drug Courts FY 2013	5H79TI024160-02	SAMHSA 2013
USDA Loan Program	03-072-8103	USDA LP

- b. **Financial reporting** – This report includes all funds and accounts directly related to the above mentioned grants. Local funds have not been included.
- 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, 2013. The information in the SEFA is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular (“OMB”) A-133, “Audits of States, Local Governments and Non-Profit Organizations.” 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.

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

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Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

1. Summary of Significant Accounting Policies (cont.)

- d. **Summary of significant accounting policies** – 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 statement. Disbursements are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments,” 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. Contingencies

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

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

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Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

3. Budgets (Unaudited)

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

	<u>EBMGDTF</u> <u>13/14</u>	<u>EBMGDTF</u> <u>12/13</u>	<u>JAG</u> <u>FY13</u>	<u>JAG</u> <u>FY12</u>	<u>HIDTA</u> <u>2013</u>
Program costs					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Construction and contingency	-	-	-	-	-
Drug task force officer	26,651	24,168	-	-	-
Engineering and inspection	-	-	-	-	-
Law enforcement	-	-	-	-	-
Machinery and equipment	-	-	-	-	-
Other	-	-	-	-	67,299
Personnel	-	-	-	-	178,294
Professional fees and services	-	-	-	-	57,000
Supplies	-	-	13,685	13,781	5,100
Training	-	-	-	-	-
Transportation	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total program costs	<u>\$ 26,651</u>	<u>\$ 24,168</u>	<u>\$ 13,685</u>	<u>\$ 13,781</u>	<u>\$ 307,693</u>
	<u>HIDTA</u> <u>2012</u>	<u>HIDTA</u> <u>2011</u>	<u>SAMHSA</u> <u>2013</u>	<u>SAMHSA</u> <u>2012</u>	<u>JABG</u> <u>FY12</u>
Program costs					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Construction and contingency	-	-	-	-	-
Drug task force officer	-	-	-	-	-
Engineering and inspection	-	-	-	-	-
Law enforcement	-	-	-	-	-
Machinery and equipment	-	-	-	-	1,025
Other	56,000	23,878	26,800	26,800	-
Personnel	239,615	131,335	-	-	-
Professional fees and services	15,453	23,740	254,373	254,373	4,500
Supplies	-	847	13,240	13,240	3,707
Training	-	-	-	-	-
Transportation	-	-	30,587	30,587	3,828
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total program costs	<u>\$ 311,068</u>	<u>\$ 179,800</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 13,060</u>

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

3. Budgets (Unaudited) (cont.)

	USDA - <u>LP</u>	CDBG <u>Fire</u>	SE Phase II <u>WP</u>	CDBG <u>ED</u>	STEP <u>FY 12/13</u>	<u>Total</u>
Program costs						
Administration	\$ -	\$ 2,000	\$ 103,390	\$ 34,570	\$ -	\$ 139,960
Construction and contingency	5,033,265	71,000	2,514,339	650,000	-	8,268,604
Drug task force officer	-	-	-	-	-	50,819
Engineering and inspection	-	-	764,311	-	-	764,311
Law enforcement	-	-	-	-	13,000	13,000
Machinery and equipment	-	-	-	-	-	1,025
Other	162,735	-	197,960	-	9,000	570,472
Personnel	-	-	-	-	-	549,244
Professional fees and services	35,000	-	-	-	-	644,439
Supplies	-	-	-	-	-	63,600
Training	-	-	-	150,000	-	150,000
Transportation	-	-	-	-	-	65,002
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,002</u>
Total program costs	<u>\$ 5,231,000</u>	<u>\$ 73,000</u>	<u>\$ 3,580,000</u>	<u>\$ 834,570</u>	<u>\$ 22,000</u>	<u>\$ 11,280,476</u>

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

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

For the Year Ended December 31, 2013

	IECG <u>FY10</u>	SHSG <u>FY11</u>	LETPA <u>FY11</u>	SHSG-USR <u>FY 11</u>	SHSG-USR <u>FY 12</u>
Fund balances (deficit) - beginning of year	\$ -	\$ -	\$ -	\$ (70,894)	\$ -
Receipts					
Federal advances/reimbursements	<u>6,977</u>	<u>82,480</u>	<u>39,062</u>	<u>109,949</u>	<u>190,700</u>
Disbursements					
Capital outlay and equipment	-	-	-	-	-
Drug task force officer	-	-	-	-	-
Emergency management	-	-	-	-	-
Law enforcement	6,977	82,480	39,062	39,055	190,700
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>6,977</u>	<u>82,480</u>	<u>39,062</u>	<u>39,055</u>	<u>190,700</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EBMGDTF <u>13/14</u>	EBMGDTF <u>12/13</u>	EMPG <u>FY12</u>	SCAAP <u>FY13</u>	JAG <u>FY13</u>	JAG <u>FY12</u>	HIDTA <u>2013</u>
\$ -	\$ (5,000)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>6,427</u>	<u>16,960</u>	<u>64,167</u>	<u>105,950</u>	<u>13,685</u>	<u>13,751</u>	<u>125,825</u>
-	-	-	-	-	-	-
13,858	11,960	-	-	-	-	-
-	-	64,167	-	-	-	-
-	-	-	-	13,685	13,751	129,902
-	-	-	-	-	-	-
<u>13,858</u>	<u>11,960</u>	<u>64,167</u>	<u>-</u>	<u>13,685</u>	<u>13,751</u>	<u>129,902</u>
<u>\$ (7,431)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,077)</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, 2013

	HIDTA <u>2012</u>	HIDTA <u>2011</u>	SAMHSA <u>2013</u>	SAMHSA <u>2012</u>	JABG <u>FY12</u>
Fund balances (deficit) - beginning of year	\$ -	\$ -	\$ -	\$ -	\$ (229)
Receipts					
Federal advances/reimbursements	<u>181,835</u>	<u>18,807</u>	<u>28,563</u>	<u>250,098</u>	<u>6,558</u>
Disbursements					
Capital outlay and equipment	-	-	-	-	-
Drug task force officer	-	-	-	-	-
Emergency management	-	-	-	-	-
Law enforcement	181,835	18,807	-	-	8,152
Other	<u>-</u>	<u>-</u>	<u>28,563</u>	<u>250,098</u>	<u>-</u>
Total disbursements	<u>181,835</u>	<u>18,807</u>	<u>28,563</u>	<u>250,098</u>	<u>8,152</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,823)</u>

<u>USDA - LP</u>	<u>CDBG Fire</u>	<u>SE Phase II WP</u>	<u>CDBG ED</u>	<u>STEP FY 12/13</u>	<u>Total</u>
<u>\$ 385</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,731)</u>
<u>854,300</u>	<u>71,749</u>	<u>1,819,900</u>	<u>295,001</u>	<u>6,397</u>	<u>4,309,141</u>
853,852	71,749	1,819,897	295,001	-	3,040,499
-	-	-	-	-	25,818
-	-	-	-	-	64,167
-	-	-	-	6,397	730,803
-	-	-	-	-	278,661
<u>853,852</u>	<u>71,749</u>	<u>1,819,897</u>	<u>295,001</u>	<u>6,397</u>	<u>4,139,948</u>
<u>\$ 833</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,462</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, 2013

	IECG <u>FY10</u>	SHSG <u>FY11</u>	LETPA <u>FY11</u>	SHSG-USR <u>FY 11</u>	SHSG-USR <u>FY 12</u>
Fund balances (deficit) - inception of grant	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts					
Federal advances/reimbursements	<u>9,210</u>	<u>82,480</u>	<u>39,062</u>	<u>250,000</u>	<u>190,700</u>
Disbursements					
Capital outlay and equipment	-	-	-	-	-
Drug task force officer	-	-	-	-	-
Emergency management	-	-	-	-	-
Law enforcement	9,210	82,480	39,062	250,000	190,700
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>9,210</u>	<u>82,480</u>	<u>39,062</u>	<u>250,000</u>	<u>190,700</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EBMGDTF <u>13/14</u>	EBMGDTF <u>12/13</u>	EMPG <u>FY12</u>	SCAAP <u>FY13</u>	JAG <u>FY13</u>	JAG <u>FY12</u>	HIDTA <u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>6,427</u>	<u>26,651</u>	<u>64,167</u>	<u>105,950</u>	<u>13,685</u>	<u>13,751</u>	<u>125,825</u>
-	-	-	-	-	-	-
13,858	26,651	-	-	-	-	-
-	-	64,167	-	-	-	-
-	-	-	-	13,685	13,751	129,902
-	-	-	-	-	-	-
<u>13,858</u>	<u>26,651</u>	<u>64,167</u>	<u>-</u>	<u>13,685</u>	<u>13,751</u>	<u>129,902</u>
<u>\$ (7,431)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,077)</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, 2013

	HIDTA <u>2012</u>	HIDTA <u>2011</u>	SAMHSA <u>2013</u>	SAMHSA <u>2012</u>	JABG <u>FY12</u>
Fund balances (deficit) - inception of grant	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts					
Federal advances/reimbursements	<u>311,068</u>	<u>179,800</u>	<u>28,563</u>	<u>271,844</u>	<u>13,068</u>
Disbursements					
Capital outlay and equipment	-	-	-	-	-
Drug task force officer	-	-	-	-	-
Emergency management	-	-	-	-	-
Law enforcement	311,068	179,800	-	-	14,891
Other	<u>-</u>	<u>-</u>	<u>28,563</u>	<u>271,844</u>	<u>-</u>
Total disbursements	<u>311,068</u>	<u>179,800</u>	<u>28,563</u>	<u>271,844</u>	<u>14,891</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,823)</u>

USDA - <u>LP</u>	CDBG <u>Fire</u>	SE Phase II <u>WP</u>	CDBG <u>ED</u>	STEP <u>FY 12/13</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>3,724,300</u>	<u>71,749</u>	<u>3,267,600</u>	<u>654,750</u>	<u>6,397</u>	<u>9,457,047</u>
3,723,467	71,749	3,267,590	654,750	-	7,717,556
-	-	-	-	-	40,509
-	-	-	-	-	64,167
-	-	-	-	6,397	1,240,946
-	-	-	-	-	300,407
<u>3,723,467</u>	<u>71,749</u>	<u>3,267,590</u>	<u>654,750</u>	<u>6,397</u>	<u>9,363,585</u>
<u>\$ 833</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,462</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, 2013

	IECG <u>FY10</u>	SHSG - <u>FY11</u>	LETPA <u>FY11</u>	SHSG-USR <u>FY 11</u>	SHSG-USR <u>FY 12</u>
Total program funds allocated	\$ 12,551	\$ 82,481	\$ 39,128	\$ 250,000	\$ 191,004
Less drawdowns in prior fiscal years	2,233	-	-	140,051	-
Less drawdowns during current period	6,977	82,480	39,062	109,949	190,700
Less expired funds	<u>3,341</u>	<u>1</u>	<u>66</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304</u>
Program funds drawn down by recipient	\$ 6,977	\$ 82,480	\$ 39,062	\$ 109,949	\$ 190,700
Plus program funds available from prior year (committed to prior year)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,894)</u>	<u>-</u>
Total program funds	6,977	82,480	39,062	39,055	190,700
Less funds applied to program costs	<u>6,977</u>	<u>82,480</u>	<u>39,062</u>	<u>39,055</u>	<u>190,700</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EBMGDTF <u>13/14</u>	EBMGDTF <u>12/13</u>	EMPG <u>FY12</u>	SCAAP <u>FY13</u>	JAG <u>FY13</u>	JAG <u>FY12</u>	HIDTA <u>2013</u>
\$ 26,651	\$ 26,651	\$ 64,167	\$ 105,950	\$ 13,685	\$ 13,781	\$ 307,693
-	9,691	-	-	-	-	-
6,427	16,960	64,167	105,950	13,685	13,751	125,825
-	-	-	-	-	30	-
<u>\$ 20,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,868</u>
\$ 6,427	\$ 16,960	\$ 64,167	\$ 105,950	\$ 13,685	\$ 13,751	\$ 125,825
-	(5,000)	-	-	-	-	-
6,427	11,960	64,167	105,950	13,685	13,751	125,825
<u>13,858</u>	<u>11,960</u>	<u>64,167</u>	<u>-</u>	<u>13,685</u>	<u>13,751</u>	<u>129,902</u>
<u>\$ (7,431)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,077)</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, 2013

	HIDTA <u>2012</u>	HIDTA <u>2011</u>	SAMHSA <u>2013</u>	SAMHSA <u>2012</u>	JABG <u>FY12</u>
Total program funds allocated	\$ 311,068	\$ 179,800	\$ 325,000	\$ 325,000	\$ 14,895
Less drawdowns in prior fiscal years	129,233	160,993	-	21,746	6,510
Less drawdowns during current period	181,835	18,807	28,563	250,098	6,558
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,156</u>	<u>4</u>
Program funds still available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,437</u>	<u>\$ -</u>	<u>\$ 1,823</u>
Program funds drawn down by recipient	\$ 181,835	\$ 18,807	\$ 28,563	\$ 250,098	\$ 6,558
Plus program funds available from prior year (committed to prior year)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229)</u>
Total program funds	181,835	18,807	28,563	250,098	6,329
Less funds applied to program costs	<u>181,835</u>	<u>18,807</u>	<u>28,563</u>	<u>250,098</u>	<u>8,152</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,823)</u>

USDA - <u>LP</u>	CDBG - <u>Fire</u>	SE Phase II <u>WP</u>	CDBG - <u>ED</u>	STEP <u>FY 12/13</u>	<u>Total</u>
\$ 3,982,000	\$ 73,000	\$ 3,580,000	\$ 825,670	\$ 13,000	\$ 10,763,175
2,870,000	-	1,447,700	359,749	-	5,147,906
854,300	71,749	1,819,900	295,001	6,397	4,309,141
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,603</u>	<u>63,201</u>
<u>\$ 257,700</u>	<u>\$ 1,251</u>	<u>\$ 312,400</u>	<u>\$ 170,920</u>	<u>\$ -</u>	<u>\$ 1,242,927</u>
\$ 854,300	\$ 71,749	\$ 1,819,900	\$ 295,001	\$ 6,397	\$ 4,309,141
<u>385</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>(75,731)</u>
854,685	71,749	1,819,907	295,001	6,397	4,233,410
<u>853,852</u>	<u>71,749</u>	<u>1,819,897</u>	<u>295,001</u>	<u>6,397</u>	<u>4,139,948</u>
<u>\$ 833</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,462</u>

See independent auditor's report.

**WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS**

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Supplementary Data

For the Year Ended December 31, 2013

Name and Address:	Washington County 280 North College, Suite 530 Fayetteville, Arkansas 72701
Employer Identification Number:	71-6003197
Telephone Number:	479-444-1708
Contacts:	Marilyn Edwards, County Judge George Butler, County Attorney Cheryl Bolinger, Comptroller Wayne Blankenship, 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 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 of Washington County, Arkansas, Federal Programs (the "County") as of and for the year ended December 31, 2013, and the related notes to the schedule of expenditures of federal awards, and have issued our report thereon dated January 27, 2014.

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 financial statement of the federal programs, 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 financial statement 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement 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*.

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
January 27, 2014

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

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 (“OMB”) Circular A-133 *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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations.” Those standards and OMB Circular A-133 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 January 27, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
January 27, 2014

WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

Summary of Auditor's Results

1. The opinions expressed in the independent auditor's report were:

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unqualified	Qualified	Adverse	Disclaimed

2. The independent auditor's report on internal control over financial reporting described:

Significant deficiencies noted considered material weakness(es)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

Significant deficiencies that are not considered to be a material weakness?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

3. Noncompliance considered material to the financial statements was disclosed by the audit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

4. The independent auditor's report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiencies noted considered material weakness(es)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

Significant deficiencies that are not considered to be a material weakness?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

5. The opinion expressed in the independent auditor's report on compliance with requirements applicable to major federal awards was:

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unqualified	Qualified	Adverse	Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Yes	No

WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS

Schedule of Findings and Questioned Costs (cont.)

For the Year Ended December 31, 2013

Summary of Auditor's Results (cont.)

7. The County's major programs were:

<u>Cluster/Program</u>	<u>CFDA Number</u>
United States Department of Agriculture Loan Program	10.781
Homeland Security Grant Program	97.067
Substance Abuse and Mental Health Services Projects	93.243

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

9. The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Findings Required to be Reported by Government Auditing Standards

Reference Number Findings Questioned Costs

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Reference Number Findings Questioned Costs

No matters are reportable.

WASHINGTON COUNTY, ARKANSAS,
FEDERAL PROGRAMS

Schedule of Prior Audit Findings

For the Year Ended December 31, 2013

Findings Required to be Reported by *Government Auditing Standards*

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
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No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
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No matters are reportable.