

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

**December 31, 2014**

**Schedule of Expenditures of Federal Awards – Cash Basis  
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 - cash basis of Washington County, Arkansas, Federal Programs, a component unit of Washington County, Arkansas, for the year ended December 31, 2014, and the related notes to the schedule of expenditures of federal awards - cash basis.

#### *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.

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*Frost, PLLC is an independent member firm of Moore Stephens North America*

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 schedule of expenditures of federal awards - cash basis referred to above presents fairly, in all material respects, the federal programs of Washington County, Arkansas, Federal Programs for the year ended December 31, 2014, 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 8 through 14 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 February 10, 2015, 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  
February 10, 2015

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2014**

<u>Grant</u>	<u>Grant ID #</u>	<u>CFDA Number</u>	<u>Loans/ Expenditures</u>
<b>Major Programs</b>			
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	\$ 463,410
Community Development Block Grant - Economic Development	794-00170-08	14.228	166,404
American Air Filter Project	794-00233-08	14.228	<u>263,282</u>
Total major programs			<u>893,096</u>
<b>Nonmajor Programs</b>			
U.S. Department of Agriculture ("USDA")			
Passed through the State of Arkansas Department of Emergency Management			
USDA Loan Program	03-072-8103	10.781	258,533
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Administration -			
Drug Courts FY 2013	5H79TI024160-02	93.243	14,917
Substance Abuse and Mental Health Services Administration -			
Drug Courts FY 2014	5H79TI024160-03	93.243	290,079
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 FY 2012	-	97.067	304
State Homeland Security Grant Program - Urban Search and Rescue FY 2014	-	97.067	15,185
Special Weapons and Tactics	-	97.067	1,897
U.S. Department of Justice			
State Criminal Alien Assistance Program	2013-H1761-AR-AP	16.606	97,832
Passed through the Arkansas Department of Human Services			
Juvenile Accountability Block Grant FY 2014	-	16.523	12,722
Passed through the City of Fayetteville, Arkansas			
Arkansas Internet Crimes Against Children	2013-MC-FX-K026	16.543	10,959
Edward Byrne Memorial Grant Drug Task Force FY 2013/2014	J13-014	16.738	12,793
Justice Assistance Grant FY 2014	-	16.738	13,301
U.S. Department of Transportation			
Passed through the Arkansas State Police			
Selective Traffic Enforcement Project FY 2013/2014	OP-2014-03-02-30	20.602	5,077
Office of National Drug Control Policy			
High Intensity Drug Trafficking Area FY2013	G13GC004A	95.001	159,243
High Intensity Drug Trafficking Area FY2014	G14GC004A	95.001	<u>95,319</u>
Total nonmajor programs			<u>988,161</u>
Total programs			<u>\$ 1,881,257</u>

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

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2014**

**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>
American Air Filter Project	794-00233-08	AAF 2014
Arkansas Internet Crimes Against Children Community Development Block Grant - Economic Development	2013-MC-FX-K026	ARICAC 2014
Edward Byrne Memorial Grant Drug Task Force FY 2014/2015	794-00170-08	CDBG ED
Edward Byrne Memorial Grant Drug Task Force FY 2013/2014	J14-014	EBMGDTF 14/15
High Intensity Drug Trafficking Area FY 2014	J13-014	EBMGDTF 13/14
High Intensity Drug Trafficking Area FY 2013	G14GC004A	HIDTA 2014
Justice Assistance Grant FY 2014	G13GC0004A	HIDTA 2013
Juvenile Accountability Block Grant FY 2014	-	JAG FY14
Selective Traffic Enforcement Project FY 2013/2014	-	JABG FY14
Special Weapons and Tactics	OP-2014-03-02-30	STEP FY 13/14
Southeast Phase II Water Project	-	SWAT 2014
State Criminal Alien Assistance Program FY 2014	790-08650-10	SE Phase II WP
State Criminal Alien Assistance Program FY 2013	2014-AP-BX-066S	SCAAP FY14
State Homeland Security Grant Program - Urban Search and Rescue Program FY 2014	2013-H1761-AR-AP	SCAAP FY13
State Homeland Security Grant Program - Urban Search and Rescue Program FY 2012	-	SHSG-USR FY 14
Substance Abuse and Mental Health Services Administration - Drug Courts FY 2014	-	SHSG-USR FY 12
Substance Abuse and Mental Health Services Administration - Drug Courts FY 2013	5H79TI024160-03	SAMHSA 2014
USDA Loan Program	5H79TI024160-02	SAMHSA 2013
	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, 2014. 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 – Cash Basis**

**For the Year Ended December 31, 2014**

**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.

**3. Subrecipients**

Several local governmental law enforcement agencies are subrecipients for the Office of National Drug Control Policy High Intensity Drug Trafficking Area grant. The total amount of federal awards provided to the subrecipients totaled \$22,369 for the year ended December 31, 2014.

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2014**

**4. Budgets (Unaudited)**

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

	<u>EBMGDTF</u> <u>13/14</u>	<u>SWAT</u> <u>2014</u>	<u>JAG</u> <u>FY14</u>	<u>HIDTA</u> <u>2013</u>	<u>HIDTA</u> <u>2014</u>
Program costs					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Construction and contingency	-	-	-	-	-
Drug task force officer	26,651	-	-	-	-
Engineering and inspection	-	-	-	-	-
Law enforcement	-	-	-	-	-
Machinery and equipment	-	48,813	-	-	-
Other	-	-	-	67,299	48,990
Personnel	-	-	-	178,294	171,042
Professional fees and services	-	-	-	57,000	58,200
Supplies	-	-	16,012	5,100	5,100
Training	-	24,000	-	-	-
Transportation	-	-	-	-	4,573
Total program costs	<u>\$ 26,651</u>	<u>\$ 72,813</u>	<u>\$ 16,012</u>	<u>\$ 307,693</u>	<u>\$ 287,905</u>

	<u>SAMHSA</u> <u>2013</u>	<u>SAMHSA</u> <u>2014</u>	<u>JABG</u> <u>FY14</u>	<u>ARICAC</u> <u>2014</u>	<u>USDA</u> <u>LP</u>
Program costs					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Construction and contingency	-	-	-	-	5,033,265
Drug task force officer	-	-	-	-	-
Engineering and inspection	-	-	-	-	-
Law enforcement	-	-	-	-	-
Machinery and equipment	-	-	-	7,492	-
Other	26,800	26,800	-	-	162,735
Personnel	-	-	-	-	-
Professional fees and services	254,373	254,373	-	-	35,000
Supplies	13,240	13,240	-	-	-
Training	-	-	-	-	-
Transportation	30,587	30,587	16,600	4,562	-
Total program costs	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 16,600</u>	<u>\$ 12,054</u>	<u>\$ 5,231,000</u>

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2014**

**4. Budgets (Unaudited) (cont.)**

	AAAF <u>2014</u>	SE Phase II <u>WP</u>	CDBG <u>ED</u>	STEP <u>FY 13/14</u>	<u>Total</u>
Program costs					
Administration	\$ 25,170	\$ 103,390	\$ 34,570	\$ -	\$ 163,130
Construction and contingency	240,600	2,520,374	650,000	-	8,444,239
Drug task force officer	-	-	-	-	26,651
Engineering and inspection	-	764,311	-	-	764,311
Law enforcement	-	-	-	13,500	13,500
Machinery and equipment	-	-	-	-	56,305
Other	-	342,925	-	5,000	680,549
Personnel	-	-	-	-	349,336
Professional fees and services	-	-	-	-	658,946
Supplies	-	-	-	-	52,692
Training	-	-	150,000	-	174,000
Transportation	-	-	-	-	86,909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program costs	<u>\$ 265,770</u>	<u>\$ 3,731,000</u>	<u>\$ 834,570</u>	<u>\$ 18,500</u>	<u>\$ 11,470,568</u>

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2014**

	SHSG-USR <u>FY 12</u>	SHSG-USR <u>FY 14</u>	SWAT <u>2014</u>	EBMGDTF <u>13/14</u>
Fund balances (deficit) - beginning of year	\$ -	\$ -	\$ -	\$ (7,431)
Receipts				
Federal advances/reimbursements	<u>304</u>	<u>-</u>	<u>-</u>	<u>20,224</u>
Disbursements				
Capital outlay and equipment	-	-	-	-
Drug task force officer	-	-	-	12,793
Law enforcement	304	15,185	1,897	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>304</u>	<u>15,185</u>	<u>1,897</u>	<u>12,793</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ (15,185)</u>	<u>\$ (1,897)</u>	<u>\$ -</u>

SCAAP FY14	SCAAP FY13	JAG FY14	HIDTA 2014	HIDTA 2013	SAMHSA 2014
\$ -	\$ 105,950	\$ -	\$ -	\$ (4,077)	\$ -
<u>55,253</u>	<u>-</u>	<u>-</u>	<u>95,319</u>	<u>163,320</u>	<u>290,079</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	97,832	13,301	95,319	159,243	-
-	-	-	-	-	290,079
<u>-</u>	<u>97,832</u>	<u>13,301</u>	<u>95,319</u>	<u>159,243</u>	<u>290,079</u>
<u>\$ 55,253</u>	<u>\$ 8,118</u>	<u>\$ (13,301)</u>	<u>\$ -</u>	<u>\$ -</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, 2014**

	SAMHSA <u>2013</u>	JABG <u>FY14</u>	JABG <u>FY12</u>	ARICAC <u>2014</u>
Fund balances (deficit) - beginning of year	\$ -	\$ -	\$ (1,823)	\$ -
Receipts				
Federal advances/reimbursements	<u>14,917</u>	<u>12,722</u>	<u>1,823</u>	<u>6,878</u>
Disbursements				
Capital outlay and equipment	-	-	-	-
Drug task force officer	-	-	-	-
Law enforcement	-	12,722	-	10,959
Other	<u>14,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>14,917</u>	<u>12,722</u>	<u>-</u>	<u>10,959</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,081)</u>

USDA LP	AAF 2014	SE Phase II WP	CDBG ED	STEP FY 13/14	Total
\$ 833	\$ -	\$ 10	\$ -	\$ -	\$ 93,462
<u>257,700</u>	<u>263,282</u>	<u>463,400</u>	<u>166,404</u>	<u>5,077</u>	<u>1,816,702</u>
258,533	263,282	463,410	166,404	-	1,151,629
-	-	-	-	-	12,793
-	-	-	-	5,077	411,839
-	-	-	-	-	304,996
<u>258,533</u>	<u>263,282</u>	<u>463,410</u>	<u>166,404</u>	<u>5,077</u>	<u>1,881,257</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,907</u>

**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, 2014**

	SHSG-USR <u>FY 12</u>	SHSG-USR <u>FY 14</u>	SWAT <u>2014</u>	EBMGDTF <u>13/14</u>
Fund balances (deficit) - inception of grant	\$ -	\$ -	\$ -	\$ -
Receipts				
Federal advances/reimbursements	<u>191,004</u>	<u>-</u>	<u>-</u>	<u>26,651</u>
Disbursements				
Capital outlay and equipment	-	-	-	-
Law enforcement	191,004	15,185	1,897	26,651
Other	-	-	-	-
Total disbursements	<u>191,004</u>	<u>15,185</u>	<u>1,897</u>	<u>26,651</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ (15,185)</u>	<u>\$ (1,897)</u>	<u>\$ -</u>

SCAAP <u>FY14</u>	SCAAP <u>FY13</u>	JAG <u>FY14</u>	HIDTA <u>2014</u>	HIDTA <u>2013</u>	SAMHSA <u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>55,253</u>	<u>105,950</u>	<u>-</u>	<u>95,319</u>	<u>289,145</u>	<u>14,917</u>
-	-	-	-	-	-
-	97,832	13,301	95,319	289,145	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,917</u>
<u>-</u>	<u>97,832</u>	<u>13,301</u>	<u>95,319</u>	<u>289,145</u>	<u>14,917</u>
<u>\$ 55,253</u>	<u>\$ 8,118</u>	<u>\$ (13,301)</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	SAMHSA <u>2013</u>	JABG <u>FY14</u>	JABG <u>FY12</u>	ARICAC <u>2014</u>
Fund balances (deficit) - inception of grant	\$ -	\$ -	\$ -	\$ -
Receipts				
Federal advances/reimbursements	<u>318,642</u>	<u>12,722</u>	<u>8,152</u>	<u>6,878</u>
Disbursements				
Capital outlay and equipment	-	-	-	-
Law enforcement	-	12,722	8,152	10,959
Other	<u>318,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>318,642</u>	<u>12,722</u>	<u>8,152</u>	<u>10,959</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,081)</u>

<u>USDA LP</u>	<u>AAF 2014</u>	<u>SE Phase II WP</u>	<u>CDBG ED</u>	<u>STEP FY 13/14</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>3,982,000</u>	<u>263,282</u>	<u>3,731,000</u>	<u>821,154</u>	<u>5,077</u>	<u>9,927,146</u>
3,982,000	263,282	3,731,000	821,154	-	8,797,436
-	-	-	-	5,077	767,244
-	-	-	-	-	333,559
<u>3,982,000</u>	<u>263,282</u>	<u>3,731,000</u>	<u>821,154</u>	<u>5,077</u>	<u>9,898,239</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,907</u></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, 2014**

	SHSG-USR <u>FY 12</u>	SHSG-USR <u>FY 14</u>	SWAT <u>2014</u>	EBMGDTF <u>14/15</u>	EBMGDTF <u>13/14</u>
Total program funds allocated	\$ 191,004	\$ 211,500	\$ 72,813	\$ 26,651	\$ 26,651
Less drawdowns in prior fiscal years	190,700	-	-	-	6,427
Less drawdowns during current period	304	-	-	-	20,224
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ -</u>	<u>\$ 211,500</u>	<u>\$ 72,813</u>	<u>\$ 26,651</u>	<u>\$ -</u>
Program funds drawn down by recipient	\$ 304	\$ -	\$ -	\$ -	\$ 20,224
Plus program funds available from prior year (committed to prior year)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,431)</u>
Total program funds	304	-	-	-	12,793
Less funds applied to program costs	<u>304</u>	<u>15,185</u>	<u>1,897</u>	<u>-</u>	<u>12,793</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ (15,185)</u>	<u>\$ (1,897)</u>	<u>\$ -</u>	<u>\$ -</u>

SCAAP <u>FY14</u>	SCAAP <u>FY13</u>	JAG <u>FY14</u>	HIDTA <u>2014</u>	HIDTA <u>2013</u>
\$ 55,253	\$ 105,950	\$ 16,012	\$ 287,905	\$ 307,693
-	105,950	-	-	125,825
55,253	-	-	95,319	163,320
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,012</u>	<u>\$ 192,586</u>	<u>\$ 18,548</u>
\$ 55,253	\$ 105,950	\$ -	\$ 95,319	\$ 163,320
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,077)</u>
55,253	105,950	-	95,319	159,243
<u>-</u>	<u>97,832</u>	<u>13,301</u>	<u>95,319</u>	<u>159,243</u>
<u>\$ 55,253</u>	<u>\$ 8,118</u>	<u>\$ (13,301)</u>	<u>\$ -</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, 2014**

	SAMHSA <u>2014</u>	SAMHSA <u>2013</u>	JABG <u>FY14</u>	JABG <u>FY12</u>	ARICAC <u>2014</u>
Total program funds allocated	\$ 325,000	\$ 325,000	\$ 16,600	\$ 14,895	\$ 12,054
Less drawdowns in prior fiscal years	-	28,563	-	13,068	-
Less drawdowns during current period	14,917	290,079	12,722	1,823	6,878
Less expired funds	<u>-</u>	<u>6,358</u>	<u>-</u>	<u>4</u>	<u>5,176</u>
Program funds still available	<u>\$ 310,083</u>	<u>\$ -</u>	<u>\$ 3,878</u>	<u>\$ -</u>	<u>\$ -</u>
Program funds drawn down by recipient	\$ 14,917	\$ 290,079	\$ 12,722	\$ 1,823	\$ 6,878
Plus program funds available from prior year (committed to prior year)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,823)</u>	<u>-</u>
Total program funds	14,917	290,079	12,722	-	6,878
Less funds applied to program costs	<u>14,917</u>	<u>290,079</u>	<u>12,722</u>	<u>-</u>	<u>10,959</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,081)</u>

USDA <u>LP</u>	AAF <u>2014</u>	SE Phase II <u>WP</u>	CDBG <u>ED</u>	STEP <u>FY 13/14</u>	<u>Total</u>
\$ 3,982,000	\$ 265,770	\$ 3,731,000	\$ 834,570	\$ 13,500	\$ 10,821,821
3,724,300	-	3,267,600	654,750	-	8,117,183
257,700	263,282	463,400	166,404	5,077	1,816,702
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,423</u>	<u>19,961</u>
<u>\$ -</u>	<u>\$ 2,488</u>	<u>\$ -</u>	<u>\$ 13,416</u>	<u>\$ -</u>	<u>\$ 867,975</u>
\$ 257,700	\$ 263,282	\$ 463,400	\$ 166,404	\$ 5,077	\$ 1,922,652
<u>833</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>(12,488)</u>
258,533	263,282	463,410	166,404	5,077	1,910,164
<u>258,533</u>	<u>263,282</u>	<u>463,410</u>	<u>166,404</u>	<u>5,077</u>	<u>1,881,257</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,907</u>

See independent auditor's report.

**WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS**

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**Supplementary Data**

**For the Year Ended December 31, 2014**

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 Steve Zega, 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 ("SEFA") of Washington County, Arkansas, Federal Programs (the "County") as of and for the year ended December 31, 2014, and the related notes to the SEFA, and have issued our report thereon dated February 10, 2015.

**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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **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  
February 10, 2015

**Independent Auditor’s Report on Compliance for Each  
Major Federal Program and Report on Internal Control  
Over Compliance in Accordance With 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, 2014. 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 February 10, 2015.

**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 as a basis for designing 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.



Certified Public Accountants

WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

**Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

***Federal Awards***

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

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations," Section .510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

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

Housing and Urban Development-Arkansas Community and Economic Development Commission	14.218
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WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS

Schedule of Findings and Questioned Costs (cont.)

For the Year Ended December 31, 2014

**Summary of Auditor's Results (cont.)**

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Is the auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**Findings Required to be Reported by Government Auditing Standards**

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

WASHINGTON COUNTY, ARKANSAS,  
FEDERAL PROGRAMS

Schedule of Prior Audit Findings

For the Year Ended December 31, 2014

**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.

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