

**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

**December 31, 2021**

**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**

#### *Opinion*

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, 2021, and the related notes (the “schedule”).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of federal awards of Washington County, Arkansas, Federal Programs for the year ended December 31, 2021, in accordance with the cash basis of accounting as described in Note 1.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of Washington County, Arkansas, Federal Programs and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Basis of Accounting*

We draw attention to Note 1 of the schedule, which describes the basis of accounting. The schedule 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.

### *Responsibilities of Management for the Schedule*

Management is responsible for the preparation and fair presentation of the schedule in accordance with the cash basis of accounting and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Audit of the Schedule*

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 Washington County, Arkansas, Federal Programs' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the schedule 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 schedule. Such information has been subjected to auditing procedures applied in the audit of the schedule 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 schedule or to the schedule itself, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information and the schedule are fairly stated in all material respects in relation to the schedule as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated January 4, 2023, 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 and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The image shows a handwritten signature in black ink that reads "Frost, PLLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Little Rock, Arkansas  
January 4, 2023

## Schedule of Expenditures of Federal Awards – Cash Basis

For the Year Ended December 31, 2021

<u>Grant</u>	<u>Grant ID Number</u>	<u>Federal Assistance Living ("FAL") Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<b>Major Programs</b>				
U.S. Department of Treasury				
Emergency Rental Assistance #1	ERA1	21.023	\$ 7,157,081	\$ -
Emergency Rental Assistance #2	ERA2	21.023	623,380	-
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 2018	SHSGP-FY-18-USAR	97.067	16,440	-
Urban Search and Rescue Program FY 2019	SHSGP-FY-19-USAR	97.067	239,770	-
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	97.067	113,061	-
Special Weapons and Tactics FY 2019	FY-19-SHSGP-SWAT	97.067	349,127	-
Weapons of Mass Destruction FY 2018	FY-18-SHSGP-WMD	97.067	142,212	-
Weapons of Mass Destruction FY 2019	FY-19-SHSGP-WMD	97.067	296,825	-
Individual First Aid Kits FY 2021	IFAK	97.067	232,113	-
Total major programs			9,170,009	-
<b>Nonmajor Programs</b>				
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration - Drug Courts FY 20/21	1H79TI080136-03	93.243	158,693	-
Substance Abuse and Mental Health Services Administration - Drug Courts FY 21/22	1H79TI080136-03	93.243	138,272	-
Office of National Drug Control Policy				
High Intensity Drug Trafficking Area FY 2019	G19GC004A	95.001	118,197	118,197
High Intensity Drug Trafficking Area FY 2020	G20GC004A	95.001	162,854	162,854
High Intensity Drug Trafficking Area FY 2021	G21GC004A	95.001	10,990	10,990
National Association County City Health Officials				
Medical Reserve Corps - Capacity Building Award FY10	IMRCSG101005-01	93.008	4,286	-
Medical Reserve Corps - Capacity Building Award FY13	5MRCSG101005-03	93.008	998	-
Medical Reserve Corps	MRC (0545)	93.008	1,560	-
U.S. Department of Homeland Security/Federal Emergency Management Agency Passed through the State of Arkansas Department of Emergency Management Emergency Management Performance Grant FY 20/21	EMPG	97.042	67,152	-

The accompanying notes are an integral part of this schedule.

## Schedule of Expenditures of Federal Awards – Cash Basis (cont.)

For the Year Ended December 31, 2021

<u>Grant</u>	<u>Grant ID Number</u>	Federal Assistance Living ("FAL") <u>Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<b>Nonmajor Programs (cont.)</b>				
U.S. Department of Transportation				
Highway Safety Cluster				
Passed through the Arkansas State Police				
Selective Traffic Enforcement Project FY 2020/2021	OP-2020-02-02-31	20.600	\$ 878	\$ -
Selective Traffic Enforcement Project FY 2020/2021	SE-2020-01-01-31	20.600	3,905	-
Selective Traffic Enforcement Project FY 2020/2021	M5X-2020-06-06-31	20.616	1,457	-
Selective Traffic Enforcement Project FY 2020/2021	DD-2020-02-02-31	20.600	567	-
Selective Traffic Enforcement Project FY 2020/2021	Equipment	20.600	9,950	-
Selective Traffic Enforcement Project FY 2020/2021	Other Direct Costs	N/A	<u>2,807</u>	<u>-</u>
Total nonmajor programs			<u>682,566</u>	<u>292,041</u>
Total programs			<u>\$ 9,852,575</u>	<u>\$ 292,041</u>

The accompanying notes are an integral part of this schedule.

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

For the Year Ended December 31, 2021

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>
Coronavirus Relief Fund	CRF	CRF-FY20
Emergency Rental Assistance #1	ERA1	ERA1-FY21
Emergency Rental Assistance #2	ERA2	ERA2-FY21
Emergency Management Performance Grant FY 20/21	EMPG	EMPG-FY20/21
High Intensity Drug Trafficking Area FY 2019	G19GC004A	HIDTA-FY19
High Intensity Drug Trafficking Area FY 2020	G21GC004A	HIDTA-FY20
High Intensity Drug Trafficking Area FY 2021	G20GC004A	HIDTA-FY21
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
Individual First Aid Kits FY 2021	IFAK	IFAK-FY21
Medical Reserve Corps - Capacity Building Award FY10	IMRCSG101005-01	MRC-FY10
Medical Reserve Corps - Capacity Building Award FY13	5MRCSG101005-03	MRC-FY13
Medical Reserve Corps	MRC (0545)	MRC-FY21
Selective Traffic Enforcement Project FY 2020/2021	OP-2020-02-02-31	STEP-FY20/21
Selective Traffic Enforcement Project FY 2020/2021	SE-2020-01-01-31	STEP-FY20/21
Selective Traffic Enforcement Project FY 2020/2021	M5X-2020-06-06-31	STEP-FY20/21
Selective Traffic Enforcement Project FY 2020/2021	DD-2020-02-02-31	STEP-FY20/21
Selective Traffic Enforcement Project FY 2020/2021	Equipment	STEP-FY20/21
Selective Traffic Enforcement Project FY 2020/2021	Other Direct Costs	STEP-FY20/21
Special Weapons and Tactics FY 2017	FY-17-SHSGP-SWAT	SWAT-FY17
Special Weapons and Tactics FY 2019	FY-19-SHSGP-SWAT	SWAT-FY19
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 20/21	1H79TI080136-03	SAMHSA-FY20
Substance Abuse and Mental Health Services		
Administration - Drug Courts FY 21/22	1H79TI080136-03	SAMHSA-FY21
Weapons of Mass Destruction FY 2018	FY-18-SHSGP-WMD	WMD-FY18
Weapons of Mass Destruction 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, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFA presents only a selected portion of the operations of the County, it is not intended to and does not include all of the funds and account groups relevant to the operations of the County.

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

For the Year Ended December 31, 2021

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

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

The County operates under an elected form of government similar to a mayor-council format. Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in the Government Accounting Standards Board Statement No. 14, “The Financial Reporting Entity,” have been considered. The SEFA represents only the federal programs of the County and 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 refunds by the County to the grantors in the event of noncompliance.

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, 2021**

**5. Budgets (Unaudited)**

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

	<u>SHSG- FY18</u>	<u>SHSG- FY19</u>	<u>SWAT- FY17</u>	<u>SWAT- FY19</u>	<u>HIDTA- FY19</u>	<u>HIDTA- FY20</u>	<u>HIDTA- FY21</u>	<u>SAMHSA- FY20</u>	<u>SAMHSA- FY21</u>	<u>STEP- FY20/21</u>	<u>Total</u>
Program costs											
Machinery and equipment	\$ 345,951	\$ 156,000	\$ 235,000	\$ 315,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,057,011
Other	-	-	-	-	65,835	65,497	62,543	219,344	219,344	2,000	634,563
Personnel	-	-	-	-	172,861	192,995	168,340	59,007	59,007	15,900	668,110
Professional fees and services	-	-	-	-	85,535	77,131	64,495	88,520	88,520	-	404,201
Supplies	-	-	-	-	2,000	1,000	785	24,825	24,825	-	53,435
Training	-	110,000	30,000	-	-	-	-	4,254	4,254	-	148,508
Transportation	-	-	-	-	5,000	2,684	2,633	4,046	4,046	-	18,409
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>2,684</u>	<u>2,633</u>	<u>4,046</u>	<u>4,046</u>	<u>-</u>	<u>18,409</u>
Total program costs	<u>\$ 345,951</u>	<u>\$ 266,000</u>	<u>\$ 265,000</u>	<u>\$ 315,060</u>	<u>\$ 331,231</u>	<u>\$ 339,307</u>	<u>\$ 298,796</u>	<u>\$ 399,996</u>	<u>\$ 399,996</u>	<u>\$ 22,900</u>	<u>\$ 2,984,237</u>

**WASHINGTON COUNTY, ARKANSAS, FEDERAL PROGRAMS**

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

**For the Year Ended December 31, 2021**

	<u>SHSG- FY18</u>	<u>SHSG- FY19</u>	<u>SWAT- FY17</u>	<u>SWAT- FY19</u>	<u>EMPG- FY20/21</u>	<u>IFAK- FY21</u>	<u>MRC- FY10</u>	<u>MRC- FY13</u>	<u>MRC- FY21</u>	<u>ERA1- FY21</u>	<u>ERA2- FY21</u>
Receipts											
Federal advances/reimbursements	\$ 55,316	\$ 246,557	\$ 150,731	\$ 242,988	\$ 30,850	\$ -	\$ -	\$ -	\$ -	\$ 7,167,563	\$ 2,268,543
Disbursements											
Capital outlay and equipment	-	-	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	-	67,152	-	-	-	-	-	-
Law enforcement	16,440	239,770	113,061	349,127	-	-	-	-	-	-	-
Other	-	-	-	-	-	232,113	4,286	998	1,560	7,157,081	623,380
Total disbursements	<u>16,440</u>	<u>239,770</u>	<u>113,061</u>	<u>349,127</u>	<u>67,152</u>	<u>232,113</u>	<u>4,286</u>	<u>998</u>	<u>1,560</u>	<u>7,157,081</u>	<u>623,380</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	38,876	6,787	37,670	(106,139)	(36,302)	(232,113)	(4,286)	(998)	(1,560)	10,482	1,645,163
Fund balances (deficit) - beginning of year	<u>(38,876)</u>	<u>(6,787)</u>	<u>(33)</u>	<u>(16,054)</u>	<u>-</u>	<u>-</u>	<u>1,341</u>	<u>1,560</u>	<u>4,285</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,637</u>	<u>\$ (122,193)</u>	<u>\$ (36,302)</u>	<u>\$ (232,113)</u>	<u>\$ (2,945)</u>	<u>\$ 562</u>	<u>\$ 2,725</u>	<u>\$ 10,482</u>	<u>\$ 1,645,163</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, 2021**

	<u>HIDTA-</u> <u>FY19</u>	<u>HIDTA-</u> <u>FY20</u>	<u>HIDTA-</u> <u>FY21</u>	<u>SAMHSA-</u> <u>FY20</u>	<u>SAMHSA-</u> <u>FY21</u>	<u>STEP-</u> <u>FY20/21</u>	<u>WMD-</u> <u>FY18</u>	<u>WMD-</u> <u>FY19</u>	<u>CRF-</u> <u>FY20</u>	<u>Total</u>
Receipts										
Federal advances/reimbursements	\$ 118,197	\$ 162,854	\$ 10,990	\$ 166,294	\$ 135,712	\$ 19,564	\$ 146,961	\$ 296,825	\$ 114,972	\$ 11,334,917
Disbursements										
Capital outlay and equipment	-	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-	-	-	-	67,152
Law enforcement	118,197	162,854	10,990	-	-	19,564	-	-	-	1,030,003
Other	-	-	-	158,693	138,272	-	142,212	296,825	-	8,755,420
Total disbursements	<u>118,197</u>	<u>162,854</u>	<u>10,990</u>	<u>158,693</u>	<u>138,272</u>	<u>19,564</u>	<u>142,212</u>	<u>296,825</u>	<u>-</u>	<u>9,852,575</u>
Excess of cash receipts over disbursements or (disbursements over receipts)	-	-	-	7,601	(2,560)	-	4,749	-	114,972	1,482,342
Fund balances (deficit) - beginning of year	<u>(35,784)</u>	<u>-</u>	<u>-</u>	<u>(7,601)</u>	<u>-</u>	<u>-</u>	<u>(4,749)</u>	<u>-</u>	<u>-</u>	<u>(102,698)</u>
Fund balances (deficit) - end of year	<u>\$ (35,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,560)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,972</u>	<u>\$ 1,379,644</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, 2021**

	<u>SHSG- FY18</u>	<u>SHSG- FY19</u>	<u>SWAT- FY17</u>	<u>SWAT- FY19</u>	<u>EMPG- FY20/21</u>	<u>IFAK- FY21</u>	<u>MRC- FY10</u>	<u>MRC- FY13</u>	<u>MRC- FY21</u>	<u>ERA1- FY21</u>	<u>ERA2- FY21</u>
Fund balances - inception of grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts											
Federal advances/reimbursements	<u>345,346</u>	<u>266,000</u>	<u>415,731</u>	<u>242,988</u>	<u>30,850</u>	<u>-</u>	<u>5,000</u>	<u>4,000</u>	<u>18,862</u>	<u>7,167,563</u>	<u>2,268,543</u>
Disbursements											
Capital outlay and equipment	-	-	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	-	67,152	-	-	-	-	-	-
Law enforcement	345,346	266,000	378,094	365,181	-	232,113	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,945</u>	<u>3,438</u>	<u>16,137</u>	<u>7,157,081</u>	<u>623,380</u>
Total disbursements	<u>345,346</u>	<u>266,000</u>	<u>378,094</u>	<u>365,181</u>	<u>67,152</u>	<u>232,113</u>	<u>7,945</u>	<u>3,438</u>	<u>16,137</u>	<u>7,157,081</u>	<u>623,380</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,637</u>	<u>\$ (122,193)</u>	<u>\$ (36,302)</u>	<u>\$ (232,113)</u>	<u>\$ (2,945)</u>	<u>\$ 562</u>	<u>\$ 2,725</u>	<u>\$ 10,482</u>	<u>\$ 1,645,163</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, 2021**

	<u>HIDTA- FY19</u>	<u>HIDTA- FY20</u>	<u>HIDTA- FY21</u>	<u>SAMHSA- FY20</u>	<u>SAMHSA- FY21</u>	<u>STEP- FY20/21</u>	<u>WMD- FY18</u>	<u>WMD- FY19</u>	<u>CRF- FY20</u>	<u>Total</u>
Fund balances - inception of grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts										
Federal advances/reimbursements	<u>331,231</u>	<u>176,389</u>	<u>10,990</u>	<u>183,291</u>	<u>135,712</u>	<u>34,836</u>	<u>235,000</u>	<u>296,825</u>	<u>4,664,503</u>	<u>16,833,660</u>
Disbursements										
Capital outlay and equipment	-	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-	-	-	-	67,152
Law enforcement	367,015	176,389	10,990	-	-	34,836	235,000	296,825	-	2,707,789
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,291</u>	<u>138,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,549,531</u>	<u>12,679,075</u>
Total disbursements	<u>367,015</u>	<u>176,389</u>	<u>10,990</u>	<u>183,291</u>	<u>138,272</u>	<u>34,836</u>	<u>235,000</u>	<u>296,825</u>	<u>4,549,531</u>	<u>15,454,016</u>
Fund balances (deficit) - end of year	<u>\$ (35,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,560)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,972</u>	<u>\$ 1,379,644</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, 2021**

	SHSG- FY18	SHSG- FY19	SWAT- FY17	SWAT- FY19	EMPG- FY20/21	IFAK- FY21	MRC- FY10	MRC- FY13	MRC- FY21	ERA1- FY21	ERA2- FY21
Total program funds allocated	\$ 345,951	\$ 266,000	\$ 265,000	\$ 366,060	\$ 92,274	\$ 1,129,349	\$ 5,000	\$ 4,000	\$ 18,862	\$ 7,167,563	\$ 5,671,537
Less drawdowns in prior fiscal years	290,030	19,443	265,000	-	-	-	5,000	4,000	18,862	-	-
Less drawdowns during current period	55,316	246,557	150,731	-	30,850	232,113	-	-	-	7,167,563	2,268,543
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ 605</u>	<u>\$ -</u>	<u>\$ (150,731)</u>	<u>\$ 366,060</u>	<u>\$ 61,424</u>	<u>\$ 897,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,402,994</u>
Program funds drawn down by recipient	\$ 55,316	\$ 246,557	\$ 150,731	\$ 242,988	\$ 30,850	\$ -	\$ -	\$ -	\$ -	\$ 7,167,563	\$ 2,268,543
Plus program funds available from prior year (committed to prior year)	<u>(38,876)</u>	<u>(6,787)</u>	<u>(33)</u>	<u>(16,054)</u>	<u>-</u>	<u>-</u>	<u>1,341</u>	<u>1,560</u>	<u>4,285</u>	<u>-</u>	<u>-</u>
Total program funds	16,440	239,770	150,698	226,934	30,850	-	1,341	1,560	4,285	7,167,563	2,268,543
Less funds applied to program costs	<u>16,440</u>	<u>239,770</u>	<u>113,061</u>	<u>349,127</u>	<u>67,152</u>	<u>232,113</u>	<u>4,286</u>	<u>998</u>	<u>1,560</u>	<u>7,157,081</u>	<u>623,380</u>
Total program funds available for disposition (committed)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,637</u>	<u>\$ (122,193)</u>	<u>\$ (36,302)</u>	<u>\$ (232,113)</u>	<u>\$ (2,945)</u>	<u>\$ 562</u>	<u>\$ 2,725</u>	<u>\$ 10,482</u>	<u>\$ 1,645,163</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, 2021**

	<u>HIDTA- FY19</u>	<u>HIDTA- FY20</u>	<u>HIDTA- FY21</u>	<u>SAMHSA- FY20</u>	<u>SAMHSA- FY21</u>	<u>STEP- FY20/21</u>	<u>WMD- FY18</u>	<u>WMD- FY19</u>	<u>CRF- FY20</u>	<u>Total</u>
Total program funds allocated	\$ 331,231	\$ 339,307	\$ 298,796	\$ 399,996	\$ 399,996	\$ 22,900	\$ 235,000	\$ 297,701	\$ 4,664,503	\$ 22,321,026
Less drawdowns in prior fiscal years	213,034	13,535	-	16,997	-	16,079	88,039	-	4,549,531	5,499,550
Less drawdowns during current period	118,197	162,854	10,990	166,294	135,712	19,564	146,961	296,825	114,972	11,324,042
Less expired funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program funds still available	<u>\$ -</u>	<u>\$ 162,918</u>	<u>\$ 287,806</u>	<u>\$ 216,705</u>	<u>\$ 264,284</u>	<u>\$ (12,743)</u>	<u>\$ -</u>	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ 5,497,434</u>
Program funds drawn down by recipient	\$ 118,197	\$ 162,854	\$ 10,990	\$ 166,294	\$ 135,712	\$ 19,564	\$ 146,961	\$ 296,825	\$ 114,972	\$ 11,334,917
Plus program funds available from prior year (committed to prior year)	<u>(35,784)</u>	<u>-</u>	<u>-</u>	<u>(7,601)</u>	<u>-</u>	<u>-</u>	<u>(4,749)</u>	<u>-</u>	<u>-</u>	<u>(102,698)</u>
Total program funds	82,413	162,854	10,990	158,693	135,712	19,564	142,212	296,825	114,972	11,232,219
Less funds applied to program costs	<u>118,197</u>	<u>162,854</u>	<u>10,990</u>	<u>158,693</u>	<u>138,272</u>	<u>19,564</u>	<u>142,212</u>	<u>296,825</u>	<u>-</u>	<u>9,852,575</u>
Total program funds available for disposition (committed)	<u>\$ (35,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,560)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,972</u>	<u>\$ 1,379,644</u>

See independent auditor's report.

**Supplementary Data**

**For the Year Ended December 31, 2021**

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 Wood, 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 – cash basis of Washington County, Arkansas, Federal Programs for the year ended December 31, 2021, and the related notes (the “schedule”), and have issued our report thereon dated January 4, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the schedule, we considered Washington County, Arkansas, Federal Programs’ internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the schedule, but not for the purpose of expressing an opinion on the effectiveness of Washington County, Arkansas, Federal Programs’ internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County, Arkansas, Federal Programs’ 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 entity’s schedule 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 were not identified. We identified a certain deficiency in internal control, described on the accompanying schedule of findings and questioned costs as item [2021-001], that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washington County, Arkansas, Federal Programs' schedule 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 schedule. 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*.

### **Washington County, Arkansas, Federal Programs' Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on Washington County, Arkansas, Federal Programs' response to the findings identified in our audit and described on the accompanying schedule of findings and questioned costs. Washington County, Arkansas, Federal Programs' response was not subjected to the other auditing procedures applied in the audit of the financial statements 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frost, PLLC*

Certified Public Accountants

Little Rock, Arkansas  
January 4, 2023

**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**

*Opinion on Each Major Federal Program*

We have audited Washington County, Arkansas, Federal Programs’ compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of Washington County, Arkansas, Federal Programs’ major federal programs for the year ended December 31, 2021. Washington County, Arkansas, Federal Programs’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington County, Arkansas, Federal Programs complied, in all material respects, with the 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, 2021.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington County, Arkansas, Federal Programs and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Washington County, Arkansas, Federal Programs’ compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Washington County, Arkansas, Federal Programs' federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington County, Arkansas, Federal Programs' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington County, Arkansas, Federal Programs' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington County, Arkansas, Federal Programs' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Washington County, Arkansas, Federal Programs' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Washington County, Arkansas, Federal Programs' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
January 4, 2023

**Schedule of Findings and Questioned Costs**

**For the Year Ended December 31, 2021**

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

***Schedule of Expenditures of Federal Awards***

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 the schedule 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:

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

Emergency Rental Assistance	21.023
Homeland Security/Federal Emergency Management Agency	97.067

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, 2021

**Section II: Federal Awards Findings**

**Material Weakness**

Identification of the Federal Program: Coronavirus Relief Fund (“CRF”) 2020

Finding: 2021-001

Criteria: Preparation of the Schedule of Expenditures of Federal Awards (“SEFA”)

Condition: The SEFA, as prepared by Washington County, Arkansas, Federal Programs (the “County”), was not an accurate record of total federal grants expended during the year.

Cause: Formal procedures were not in place to ensure expenses were not duplicated and previously recorded.

Effect or Potential Effect: Material misstatement to the SEFA, specifically related to the CRF grant.

	<u>CRF 2020</u>
Original SEFA balance at December 31, 2021 provided	\$ 4,567,384
Overstatement	<u>(4,567,384)</u>
Revised SEFA balance at December 31, 2021	\$ <u>          -</u>

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

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

**For the Year Ended December 31, 2021**

Views of Responsible Officials and Planned Corrective Actions:



JOSEPH K. WOOD  
County Judge

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

WASHINGTON COUNTY, ARKANSAS  
County Courthouse

Frost Certified Public Accountants  
4375 N Vantage Drive #403  
Fayetteville AR 72703

Regarding: Audit for 2021

In response to the finding of an Overstatement of \$4,567,384.00 for the Coronavirus Relief Fund-Cares Act, we acknowledge a reporting mistake was made. The funds were received in 2020 for reimbursements for 2020 expenditures. However, our Quorum Court did not appropriate the funds to be spent until 2021. We have put your recommendations in place to make sure this type of oversight in reporting does not happen again.

Judge Joseph K. Wood