

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

**Independent Auditors' Report,
Statement of Cash Receipts and Disbursements,
Schedule of Expenditures of Federal Awards,
And Supplementary Information**

December 31, 2013

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

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Independent Auditors' Report

To the County Quorum Court
Benton County, Arkansas, Federal Programs
Benton County, Arkansas

Report on Financial Statements

We have audited the accompanying statement of cash receipts and disbursements and schedule of expenditures of federal awards of Benton County, Arkansas, Federal Programs, a component unit of Benton County, Arkansas as of and for the year ended December 31, 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of State, 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinion

In our opinion, the statement of cash receipts and disbursements and schedule of expenditures of federal awards referred to above present fairly, in all material respects, the cash receipts and disbursements and the expenditures of federal awards under Benton County, Arkansas, Federal Programs for the year ended December 31, 2013 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts and disbursements and schedule of expenditures of federal awards which collectively comprise Benton County, Arkansas', Federal Programs financial statements. The accompanying supplementary information on pages 10 through 13 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2014, on our consideration of Benton County, Arkansas, Federal Programs' internal controls over financial reporting and 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County, Arkansas, Federal Programs' internal control over financial reporting and compliance.

Vantine, Barrett & VanWinkle, CPAs, PLLC

Vantine, Barrett & VanWinkle, CPAs, PLLC

Rogers, Arkansas

August 12, 2014

National School Lunch Program FY 12/13	STEP 12/13	STEP 13/14	SAMHSA	Juvenile Acct Block Grant	DYS Title II Grant	NACCHO
\$ (1,234)	\$ (16,987)	\$ -	\$ 13,816	\$ (85)	\$ -	\$ 5,000
2,630	75,289	-	130,535	3,488	7,590	8,000
-	58,302	17,614	-	-	-	-
1,396	-	-	-	-	-	9,000
-	-	-	144,351	3,403	8,470	-
-	-	-	-	-	-	-
1,396	58,302	17,614	144,351	3,403	8,470	9,000
\$ -	\$ -	\$ (17,614)	\$ -	\$ -	\$ (880)	\$ 4,000

See independent auditors' report and notes to the statement of cash receipts and disbursements, and schedule of expenditures of federal awards.

<u>SCAAP FY13</u>	<u>JAG Technology Payroll Grant</u>	<u>Coverdell Forensic Science Grant</u>	<u>DOJ Equitable Sharing Agreement</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,697)</u>
<u>18,838</u>	<u>-</u>	<u>53,004</u>	<u>73,109</u>	<u>848,385</u>
<u>18,838</u>	<u>-</u>	<u>52,273</u>	<u>73,109</u>	<u>220,136</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,253</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,796</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,284</u>
<u>18,838</u>	<u>-</u>	<u>52,273</u>	<u>73,109</u>	<u>1,216,469</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ (479,781)</u>

See independent auditors' report and notes to the statement of cash receipts and disbursements, and schedule of expenditures of federal awards.

BENTON 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>Expenditures</u>
Nonmajor Programs (Continued)			
U.S. Department of Health and Human Services Passed through State of Arkansas Department of Emergency Management NACCHO Grant	FY 2012	93.008	9.000
U.S. Department of Housing and Urban Development Passed through Arkansas Economic Development Commission Arkansas Commission and Economic Development Program	790-08596-08	14.228	3.000
U.S. Department of Justice Adult Drug Court	2011-DC-BX-0110	16.585	97.411
JAG Internet Crimes Against Children	2009-SB-B9-3139	16.804	2.806
State Criminal Assistance Program	2013-AP-BX-0543	16.606	18.838
Coverdell Forensic Science Grant	2012-CD-BX-0070	16.742	52.273
Equitable Sharing Agreement	N/A	16.922	<u>73.109</u>
Total nonmajor programs			<u>558,652</u>
Total programs			<u><u>\$ 1,216,469</u></u>

See independent auditors' report and notes to the statement of cash receipts and disbursements, and schedule of expenditures of federal awards.

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Notes to Statement of Cash Receipts and Disbursements, and Schedule of Expenditures of Federal Awards

December 31, 2013

Note 1 – Summary of Significant Accounting Policies

Organization – The statement of cash receipts and disbursements of Benton County, Arkansas, Federal Programs (the “County”) is a report on the federal programs of Benton County, Arkansas, which are specifically defined below.

<u>Grant Name</u>	<u>Grant Number</u>
Federal Emergency Management Disaster Grant	FEMA-1975-DR-AR
State Homeland Security Grant	FY 2010
Law Enforcement Terrorism Prevention Grant	FY 2011
State Homeland Security Grant	FY 2011
Emergency Management Performance Grant	FY 2012
National School Lunch Program FY 12/13	RO 34
Selective Traffic Enforcement Project 12/13	OP-2013-03-02-02
Selective Traffic Enforcement Project 12/13	K8-2013-08-06-02
Selective Traffic Enforcement Project 12/13	SE-2013-13-01-02
Selective Traffic Enforcement Project 13/14	OP-2014-03-02-01
Selective Traffic Enforcement Project 13/14	K8-2014-08-06-01
Substance Abuse and Mental Health Services Administration Grant	1H79T1021525
Juvenile Accountability Block Grant	AR 120309-025
DYS Title II Grant	N/A
National Association of County and City Health Officials	FY 2012
Arkansas Commission and Economic Development Program	790-08596-08
Adult Drug Court	2011-DC-BX-0110
JAG Internet Crimes Against Children Grant	2009-SB-B9-3139
State Criminal Assistance Program	2013-AP-BX-0543
Coverdell Forensic Science Grant	2012-CD-BX-0070
DOJ Equitable Sharing Agreement	N/A

Financial Reporting – This report includes all funds and accounts directly related to the above listed grants. Local funds have not been included.

Basis of Presentation – The accompanying statement of cash receipts and disbursements has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. 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.

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Notes to Statement of Cash Receipts and Disbursements, and Schedule of Expenditures of Federal Awards

December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies – The statement of cash receipts and disbursements presented herein do not include all of the funds and account groups relevant to the operations of the County.

The County operates under an elected form of government similar to a mayor-council format. Accounting principles generally accepted in the United State 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 statement of cash receipts and disbursements represents only the County's federal programs, 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.

Subsequent Events – Management has evaluated subsequent events through August 12, 2014, which is the date the financial statement and schedule were available to be issued.

Note 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.

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

**Notes to Statement of Cash Receipts and Disbursements,
and Schedule of Expenditures of Federal Awards**

December 31, 2013

Note 3 – Budget

Budgetary information for certain grants identified in Note 1 are as follows:

	<u>STEP 2012/13</u>	<u>STEP 2013/14</u>	<u>Adult Drug Court</u>	<u>Total</u>
Program costs				
Law enforcement	\$ 83,000	\$ 76,000	\$ -	\$ 159,000
Special projects	-	-	200,000	200,000
Total program costs	<u>\$ 83,000</u>	<u>\$ 76,000</u>	<u>\$ 200,000</u>	<u>\$ 359,000</u>

National School Lunch Program FY 12/13	STEP 12/13	STEP 13/14	SAMHSA	Juvenile Acct Block Grant	DYS Title II Grant	NACCCHO
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,695	75,289	-	789,424	6,260	7,590	13,000
-	75,289	17,614	-	-	-	-
11,695	-	-	-	-	-	9,000
-	-	-	789,424	6,260	8,470	-
-	-	-	-	-	-	-
11,695	75,289	17,614	789,424	6,260	8,470	9,000
\$ -	\$ -	\$ (17,614)	\$ -	\$ -	\$ (880)	\$ 4,000

See independent auditors' report.

<u>SCAAP FY13</u>	<u>JAG Technology Payroll Grant</u>	<u>Coverdell Forensic Science Grant</u>	<u>DOJ Equitable Sharing Agreement</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>18,838</u>	<u>9,343</u>	<u>53,004</u>	<u>80,873</u>	<u>2,314,259</u>
18,838	9,343	52,273	80,873	272,535
-	-	-	-	1,234,934
-	-	-	-	1,180,287
-	-	-	-	106,284
<u>18,838</u>	<u>9,343</u>	<u>52,273</u>	<u>80,873</u>	<u>2,794,040</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ (479,781)</u>

See independent auditors' report.

National School Lunch Program FY 12/13	STEP 12/13	STEP 13/14	SAMHSA	Juvenile Acct Block Grant	DYS Title II Grant	NACCHO
\$ 11,695	\$ 83,000	\$ 76,000	\$ 900,000	\$ 18,223	\$ -	\$ 13,000
9,065	-	-	688,154	2,772	-	5,000
2,630	75,289	-	130,535	3,488	7,590	8,000
-	-	-	81,311	-	-	-
<u>\$ -</u>	<u>\$ 7,711</u>	<u>\$ 76,000</u>	<u>\$ -</u>	<u>\$ 11,963</u>	<u>\$ (7,590)</u>	<u>\$ -</u>
2,630	75,289	-	130,535	3,488	7,590	8,000
<u>(1,234)</u>	<u>(16,987)</u>	<u>-</u>	<u>13,816</u>	<u>(85)</u>	<u>-</u>	<u>5,000</u>
1,396	58,302	-	144,351	3,403	7,590	13,000
<u>1,396</u>	<u>58,302</u>	<u>17,614</u>	<u>144,351</u>	<u>3,403</u>	<u>8,470</u>	<u>9,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,614)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (880)</u>	<u>\$ 4,000</u>

See independent auditors report.

<u>SCAAP FY13</u>	<u>JAG Technology Payroll Grant</u>	<u>Coverdell Forensic Science Grant</u>	<u>DOJ Equitable Sharing Agreement</u>	<u>Total</u>
\$ 18,838	\$ 15,861	\$ 68,207	\$ 97,791	\$ 2,977,463
-	9,343	-	7,764	1,492,595
18,838	-	53,004	73,109	848,385
-	-	-	-	80,823
<u>\$ -</u>	<u>\$ 6,518</u>	<u>\$ 15,203</u>	<u>\$ 16,918</u>	<u>\$ 555,660</u>
18,838	-	53,004	73,109	848,385
-	-	-	-	(111,697)
18,838	-	53,004	73,109	736,688
<u>18,838</u>	<u>-</u>	<u>52,273</u>	<u>73,109</u>	<u>1,216,469</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ (479,781)</u>

See independent auditors' report.

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Supplementary Data

December 31, 2013

Name and Address:	Benton County, Arkansas 215 East Central Avenue Bentonville, Arkansas 72712
Employer Identification Number:	71-6000649
Telephone Number:	479-271-1000
Contacts:	Mike Crandall, Acting Comptroller Benton County

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Independent Auditors' 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*

To the County Quorum Court
Benton County, Arkansas, Federal Programs
Benton Count, 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 statement of cash receipts and disbursements, and schedule of expenditures of federal awards of Benton County, Arkansas, Federal Programs (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's financial statements, and have issued our report thereon dated August 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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 statements 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 charge 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 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 financial statements are free of 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.

Vantine, Barrett & VanWinkle, CPAs, PLLC

Vantine, Barrett & VanWinkle, CPAs, PLLC

Rogers, Arkansas
August 12, 2014

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Independent Auditors' Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by OMB Circular A-133

To the County Quorum Court
Benton County, Arkansas, Federal Programs
Benton County, Arkansas

Report on Compliance for Each Major Federal Program

We have audited Benton County, Arkansas, Federal Programs (the "County") compliance with the types of compliance requirements described in the *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 auditors' 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 program.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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, 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.

Vantine, Barrett & VanWinkle, CPAs, PLLC

Vantine, Barrett & VanWinkle, CPAs, PLLC

Rogers, Arkansas

August 12, 2014

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2013

Summary of Independent Auditors' Results

1. The opinions expressed in the independent auditors' report were unqualified.
2. No significant deficiencies in internal control over financial reporting were disclosed during the audit.
3. No instances of noncompliance material to the statement of cash receipts and disbursements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The opinion expressed in the independent auditors' report on compliance with requirements applicable to major federal awards was unqualified.
6. The audit disclosed no findings which are required to be reported by OMB Circular A-133
7. The programs tested as major programs included:
 - Federal Emergency Management Agency Disaster Grant (CFDA 97.036)
 - Homeland Security Grant Program (CFDA 97.067)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The County qualified as a high-risk auditee.

BENTON COUNTY, ARKANSAS, FEDERAL PROGRAMS

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2013

Summary of Prior Audit Findings

1. No instances of noncompliance material to the statement of cash receipts and disbursements which would be required to be reported in accordance with *Government Auditing Standards* were disclosed.
2. No findings which are required to be reported by OMB Circular A-133 were disclosed.