

HOT SPRING COUNTY, ARKANSAS
Schedule of Expenditures of Federal Awards
December 31, 2020

JORDAN • WOOSLEY • CRONE • KEATON • LTD

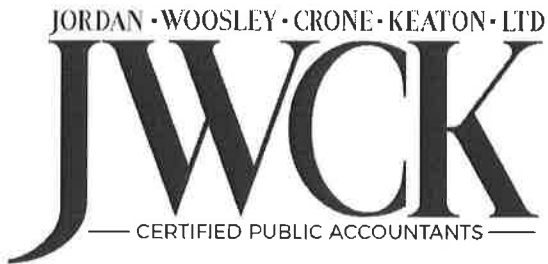


126 Hobson Avenue, P.O. Box 909
Hot Springs, Arkansas 71902

Hot Spring County, Arkansas

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Partners
Gary D. Welch, CPA, CVA
Courtney W. Moore, CPA, CFE, CGMA
Christina B. Ellis, CPA

Principals
Dennis C. Fason, CPA
Jimmy M. Pate, CPA
Phyllis A. Trent, CPA

Founding Partners
Joe L. Woosley, CPA
(1932-Present)
Harry C. Keaton, CPA
(1920-2005)
Clarence W. Jordan, CPA
(1930-2009)
Glen W. Crone, Jr., CPA
(1936-2016)

**Report under AU-C Section 805, Special Considerations:
Audits of Single Financial Statements and Specified Elements,
Accounts, or Items of a Financial Statement**

Independent Auditor's Report

Hot Spring County, Arkansas
Officials and Quorum Court Members
Malvern, Arkansas

Report on Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of Hot Spring County, Arkansas (the "County"), for the year ended December 31, 2020, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America.; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a 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 this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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Hot Springs, AR 71901

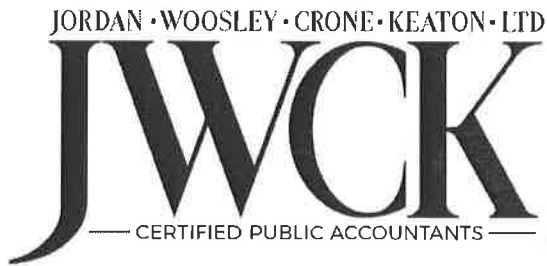
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the County for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

JWCK, Ltd

Hot Springs, Arkansas
April 14, 2021



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Report on Compliance for the Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Hot Spring County, Arkansas
Officials and Quorum Court Members
Malvern, Arkansas

Report on Compliance for Each Major Federal Program

We have audited Hot Spring County, Arkansas's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2020. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 the Major Federal Program

In our opinion, Hot Spring County, Arkansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

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126 Hobson Ave.
Hot Springs AR 71901

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

JWCK, Ltd

Hot Springs, Arkansas
April 14, 2021

Hot Spring County, Arkansas

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

<u>Federal Grantor/Pass-through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Awards</u>	<u>Total</u>
U.S Department of the Treasury-passed through Arkansas Department of Finance and Administration: Coronavirus Aid and Relief Economic Security Act	21.019	\$ 725,779	\$ 725,779
U.S. Department of the Treasury-passed through the Arkansas Secretary of State: Coronavirus Aid and Election Relief	90.404	29,553	29,553
U.S. Department of Housing and Urban Development - passed through Arkansas Economic Development Commission: Community Development Block Grants	14.228	193,901	193,901
U.S. Department of Homeland Security - passed through Arkansas Department of Emergency Management: OEM Reimbursement	97.042	9,000	9,000
U.S. Department of Agriculture - passed through Treasurer of the State of Arkansas: Forest Service Schools and Roads Cluster	10.665	2,979	2,979
		<u>\$ 961,212</u>	<u>\$ 961,212</u>

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

Hot Spring County, Arkansas

Notes to the Schedule of Federal Awards For the Year Ended December 31, 2020

NOTE 1: Summary of Significant Accounting Policies – Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 2: Basis of Accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activities of Hot Spring County, Arkansas, and is presented on the accrual basis of accounting. The information in the schedule 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 (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 3: Federal Indirect Rate - The County has elected not to use the 10 percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: Program Costs - The amounts shown as current-year expenses represent only the federal grant portion of the program costs. Entire program costs including the County's portion may be more than shown.

See Independent Auditor's Report.

Hot Spring County, Arkansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

A. Summary of Audit Results

1. The independent auditor's report expresses an unmodified opinion on the Schedule of Expenditures of Federal Awards of the County.
2. No material weaknesses or significant deficiencies relating to the audit of the major award program is reported in the Independent Auditor's Report on Compliance for the Major Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance.
3. The independent auditor's report on compliance for the major federal award program for the County expresses an unmodified opinion.
4. No audit findings were noted that are required to be reported in accordance with 2CFR section 200.516(a).
5. The program tested as a major program was:
Coronavirus Aid and Relief Economic Security Act CFDA 21.019
6. The threshold for distinguishing Types A and B programs was \$750,000.
7. The County was determined not to be a low-risk auditee.

B. Findings - Financial Statement Audit - None

C. Federal Awards Findings and Questioned Costs - None

Hot Spring County, Arkansas

Schedule of Prior Year Audit Findings

For the Year Ended December 31, 2020

No Prior Year Findings