

City of West Memphis Federal Awards

FINANCIAL REPORT

December 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of West Memphis, Arkansas

We have audited the accompanying schedule of expenditures of federal awards for the City of West Memphis, Arkansas, for the year ended December 31, 2009. This financial statement is the responsibility of City of West Memphis, Arkansas' management. Our responsibility is to express an opinion on this schedule 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 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 the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the City of West Memphis, Arkansas, for the year ended December 31, 2009, in conformity with the basis of accounting described above.

West Memphis, Arkansas
October 25, 2010

Jackson, Howell & Associates, PLLC

City of West Memphis, Arkansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Justice Passed through Office of Juvenile Justice and Delinquency Prevention and Arkansas Department of Human Services, Division of Youth Services Juvenile Justice and Delinquency Prevention _ Allocation to the States	16.540	\$ 60,000
Passed through Bureau of Justice Assistance Bulletproof Vest Partnership Program	16.607	4,391
Passed through Bureau of Justice Assistance, Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant	16.738	34,500
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	186,556
U.S. Department of Homeland Security Passed through Arkansas Department of Emergency Management Buffer Zone Protection Program	97.078	140,397
U.S. Department of Transportation Passed through Federal Transit Administration and Arkansas State Highway & Transportation Department, Department of Public Transportation Job Access and Reverse Commute Grant	20.516	412,390
Passed through Federal Highway Administration and Arkansas State Highway & Transportation Department Highway Planning and Construction	20.205	316,477

City of West Memphis, Arkansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Year Ended December 31, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development		
Passed through Community Planning and Development		
Shelter Plus Care	14.238	49,806
Community Development Block Grant	14.218	258,973
ARRA - Community Development Block Grant	14.253	67,712
Passed through Arkansas Development Finance Authority		
Home	14.239	<u>101,922</u>
Total federal awards expended		<u>\$1,633,124</u>

NOTES TO SCHEDULE

1. The accompanying schedule of expenditure of federal awards includes the federal grant activity of the City of West Memphis, Arkansas, and is presented on the cash receipts and disbursements basis of accounting, and accordingly, represents the total cash expended for the program. It does not include transactions that might be included using the accrual basis of accounting as contemplated by generally accepted accounting principles.
2. The federal expenditures of grants passed through the U.S. Department of Housing and Urban Development for the Community Block Grant (CFDA 14.218) and the ARRA Community Development Block Grant (CFDA 14.253) are part of the CDBG - Entitlement Grant Cluster. Total expenditures in this cluster were \$326,685.
3. The City has evaluated events and transactions that occurred between December 31, 2009 and October 25, 2010, which is the date that the financial statement was available to be issued, for possible recognition or disclosure in the financial statement.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and City Council
City of West Memphis, Arkansas

Compliance

We have audited the compliance of the City of West Memphis, Arkansas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 City'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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor and City Council, management and federal and state cognizant agencies and is not intended to be and should not be used by anyone other than these specified parties.

West Memphis, Arkansas
October 25, 2010

Jackson Howell & Associates, PLLC

City of West Memphis, Arkansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

Summary of Auditors' Results

1. Type of auditors' report issued on the schedule of expenditures of federal awards on the cash receipts and disbursements basis of accounting - unqualified.
2. No material weaknesses related to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. No significant deficiencies were noted.
3. The auditors' report on compliance for the Major Programs is unqualified.
4. There are no audit findings relative to the Major Federal Award Programs for the City of West Memphis.
5. The programs tested as major are as follows:

<u>CFDA#</u>	<u>Name of Federal Grant</u>
14.218 & 14.253	CDBG - Entitlement Grant Cluster
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant
20.516	Job Access and Reverse Commute Grant

6. The threshold used for distinguishing between Type A and B programs was \$300,000.
7. The City of West Memphis Federal Awards did not qualify as low-risk auditee.

Findings and Questioned Costs for Major Programs

None

Prior Year Findings and Questioned Costs

None