

City of West Memphis Federal Awards

FINANCIAL REPORT

December 31, 2010

CONTENTS

Financial Section

Independent Auditors' Report	3
Financial Statement	
Schedule of expenditures of federal awards	4
Other Reports Required by OMB A-133	
Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133	6
Schedule of findings and questioned costs	8

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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, 2010. 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, 2010, in conformity with the basis of accounting described above.

West Memphis, Arkansas
September 1, 2011

Jackson, Howell & Associates, PLLC

City of West Memphis, Arkansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
CDBG - ENTITLEMENT GRANTS CLUSTER			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Community Planning and Development			
Community Development Block Grant	14.218	N/A	\$425,198
ARRA - Community Development Block Grant	14.253	N/A	<u>45,550</u>
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER			470,748
 <u>U.S. Department of Justice</u>			
Passed through Office of Juvenile Justice and Delinquency Prevention and Arkansas Department of Human Services, Division of Youth Services			
Juvenile Accountability Block Grants	16.523	JB 9212	36,631
Passed through Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	N/A	9,261
Passed through Bureau of Justice Assistance, Office of Justice Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	56,168
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	N/A	232,679
 <u>U.S. Department of Transportation</u>			
Passed through Federal Transit Administration and Arkansas State Highway & Transportation Department, Department of Public Transportation			
Job Access and Reverse Commute Grant	20.516	3795/1661	310,298
Department of Planning and Research			
Highway Planning and Construction (FTA Section 5303)	20.505	AR-81-X014/X015	106,585
Passed through Federal Highway Administration and Arkansas State Highway & Transportation Department			
Highway Planning and Construction (MPO)	20.205	110273/110481	202,987
Department of Planning and Research (Gateway)	20.205	SB-2007-AR-1	18,827

City of West Memphis, Arkansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Year Ended December 31, 2010

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Community Planning and Development Shelter Plus Care	14.238	N/A	34,625
Passed through Arkansas Department of Human Services Office of Community Service			
ARRA - Homelessness Prevention and Rapid ReHousing Program	14.257	HPRP 09-13	240,213
Passed through Arkansas Development Finance Authority			
Home	14.239	Note 2	<u>13,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$1,732,522</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. Expenditures were part of the 2005 Home Investment Partnership Program Funding. No pass-through entity identifying number was provided.
3. The City has evaluated events and transactions that occurred between December 31, 2010 and September 1, 2011, which is the date that the financial statement was available to be issued, for possible recognition or disclosure in the financial statement.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. 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 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, 2010.

Internal Control Over Compliance

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 to determine that 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
September 1, 2011

Jackson Howell E. Associates, PLLC

City of West Memphis, Arkansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

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 Grants Cluster
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant
20.505	Highway Planning and Construction (FTA Section 5303)
14.257	ARRA - Homelessness Prevention and Rapid ReHousing Program

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