

**City of West Memphis Federal Awards**

**FINANCIAL REPORT**

**December 31, 2008**

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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 of the City of West Memphis, Arkansas, for the year ended December 31, 2008. The schedule of expenditures of federal awards 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 statements are 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 statements have 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, 2008, in conformity with the basis of accounting described above.

West Memphis, Arkansas  
September 30, 2009

*Jackson, Howell & Associates, PLLC*

**City of West Memphis, Arkansas**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2008**

<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 Community Oriented Policing Services Public Safety Partnership and Community Policing Grants	16.710	\$ 8,718
Passed through Office of Juvenile Justice and Delinquency Prevention and Arkansas Department of Finance and Administration, Office of Intergovernmental Services Enforcing Underage Drinking Laws Program	16.727	999
Passed through Bureau of Justice Assistance, Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant	16.738	53,818
U.S. Department of Homeland Security Passed through Arkansas Department of Emergency Management Buffer Zone Protection Program	97.078	50,575
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	239,253
Passed through Federal Highway Administration and Arkansas State Highway & Transportation Department Highway Planning and Construction	20.205	223,321
U.S. Department of Housing and Urban Development Passed through Community Planning and Development Shelter Plus Care	14.238	33,822
Home	14.239	18,464
Community Development Block Grant	14.218	<u>550,258</u>
Total federal awards expended		<u>\$1,179,228</u>

**City of West Memphis, Arkansas**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**For the Year Ended December 31, 2008**

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**Note A - BASIS OF PRESENTATION**

The 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.

**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, 2008. 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, 2008.

**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 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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. However, this report is a matter of public record and its distribution is not limited.

West Memphis, Arkansas  
September 30, 2009

*Jackson, Howell & Associates, PLLC*

**City of West Memphis, Arkansas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2008**

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**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 or significant deficiencies 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.
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	Community Development Block Grant
20.205	Highway Planning and Construction

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