

**Metropolitan Planning Organization
City of West Memphis, Arkansas**

FINANCIAL REPORT

December 31, 2006

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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 and schedule of findings and questioned costs for the Metropolitan Planning Organization of the City of West Memphis for the year ended December 31, 2006. These financial statements are the responsibility of the management of the City of West Memphis. Our responsibility is to express an opinion on the financial statements of the program 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 statements. An audit also includes assessing the accounting principles used and the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the expenditures of federal awards of the City of West Memphis, Arkansas for the year ended December 31, 2006 under the Metropolitan Planning Organization in conformity with accounting principles generally accepted in the United States of America.

The balance sheet, statement of activities and changes in net assets, statement of activities - budget and actual and notes to supplementary information listed in the table of contents as supplemental information are presented for the purpose of additional analysis. We have not applied auditing procedures to this information, and accordingly, we express no opinion on them.

West Memphis, Arkansas
May 22, 2008

Jackson, Howell & Associates, PLLC

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE PROGRAM-SPECIFIC AUDIT OPTION UNDER 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, 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 Metropolitan Planning Organization for the year ended December 31, 2006. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of West Memphis, Arkansas' management. Our responsibility is to express an opinion on the City of West Memphis, Arkansas' 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 the 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 Metropolitan Planning Organization occurred. An audit includes examining, on a test basis, evidence about City of West Memphis, Arkansas' 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 of City of West Memphis, Arkansas' compliance with those requirements.

In our opinion, City of West Memphis, Arkansas complied, in all material respects, with the requirements referred to above that are applicable to its Metropolitan Planning Organization for the year ended December 31, 2006.

Internal Control Over Compliance

The management of City of West Memphis, Arkansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of West Memphis, Arkansas' internal control over compliance with the requirements that could have a direct and material effect on its Metropolitan Planning Organization 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 the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Memphis, Arkansas' 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 result in more than a remote likelihood that 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 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. However, this report is a matter of public record and its distribution is not limited.

West Memphis, Arkansas
May 22, 2008

Jackson, Howell & Associates, PLLC

Metropolitan Planning Organization
City of West Memphis, Arkansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Transportation Passed Through Arkansas Highway Transportation Department		
2005 - 2006 Highway Planning and Construction Grant	20.205	\$107,455
2006 - 2007 Highway Planning and Construction Grant	20.205	<u>115,964</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$223,419</u>

Note - Basis of Presentation

The schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-profit Organizations*.

**Metropolitan Planning Organization
City of West Memphis, Arkansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2006**

SUMMARY OF AUDITORS' RESULTS

Federal Awards - Program Specific Audit

Internal control over the program:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that
are not considered to be material weaknesses? Yes No

Type of auditors' report issued on compliance for the program: unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? Yes No

Identification of Federal Award audited:

Highway Planning and Construction - CFDA 20.205

Findings and Questioned Costs for Federal Awards

None

Prior year findings and questioned costs:

The prior year federal audit disclosed no findings in the Schedule of Findings and Questioned costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

SUPPLEMENTARY INFORMATION

**Metropolitan Planning Organization
City of West Memphis, Arkansas
BALANCE SHEET
December 31, 2006**

ASSETS

Cash in bank	\$ 9,552
Grant funds receivable	<u>113,293</u>
TOTAL ASSETS	<u>\$122,845</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Due to the City of West Memphis	\$ 35,559
Accounts payable	<u>87,286</u>
	122,845
NET ASSETS	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$122,845</u>

**Metropolitan Planning Organization
City of West Memphis, Arkansas
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2006**

REVENUES:

2005 - 2006 Federal Aid Highway Planning Grant	\$107,455
2006 - 2007 Federal Aid Highway Planning Grant	115,964
Local Matching Revenues	<u>55,855</u>
TOTAL REVENUES	279,274

EXPENDITURES:

Engineering	276,794
Other	<u>2,480</u>
TOTAL EXPENDITURES	<u>279,274</u>

INCREASE IN NET ASSETS -0-

NET ASSETS BEGINNING OF YEAR -0-

NET ASSETS AT END OF YEAR \$ -0-

Metropolitan Planning Organization
City of West Memphis, Arkansas
STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL
For the Year Ended December 31, 2006

**2005 - 2006 FEDERAL AID
HIGHWAY PLANNING**

REVENUES:

2005 - 2006 Federal Aid Highway Planning Grant
 Local matching revenues
TOTAL REVENUES

	Actual To Date <u>12/31/05</u>	Actual For Year Ended <u>12/31/06</u>	Total Actual	Budget	Over (Under) Budget
	\$125,827	\$107,455	\$233,282	\$266,509	\$ (33,227)
	<u>31,457</u>	<u>26,864</u>	<u>58,321</u>	<u>66,627</u>	<u>(8,306)</u>
	<u>157,284</u>	<u>134,319</u>	<u>291,603</u>	<u>333,136</u>	<u>(41,533)</u>

EXPENDITURES:

Advertising
 Engineering
 Reports and publications
 Audit expense
 Computer equipment/software
 Training, seminars and workshops
TOTAL EXPENDITURES

	-	-	-	500	(500)
	153,662	132,976	286,638	317,386	(30,748)
	275	-	275	2,000	(1,725)
	3,000	-	3,000	2,750	250
	254	843	1,097	7,500	(6,403)
	<u>93</u>	<u>500</u>	<u>593</u>	<u>3,000</u>	<u>(2,407)</u>
	<u>157,284</u>	<u>134,319</u>	<u>291,603</u>	<u>333,136</u>	<u>(41,533)</u>

EXCESS OF REVENUES OVER EXPENDITURES

	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Metropolitan Planning Organization
City of West Memphis, Arkansas
STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL
For the Year Ended December 31, 2006

**2006 - 2007 FEDERAL AID
HIGHWAY PLANNING**

	Actual To Date <u>12/31/05</u>	Actual For Year Ended <u>12/31/06</u>	Total Actual	Budget	Over (Under) Budget
REVENUES:					
2006 - 2007 Federal Aid Highway Planning Grant	\$ -	\$ 115,964	\$ 115,964	\$ 293,778	\$(177,814)
Local matching revenues	-	28,991	28,991	73,445	(44,454)
TOTAL REVENUES	-	<u>144,955</u>	<u>144,955</u>	<u>367,223</u>	<u>(222,268)</u>
EXPENDITURES:					
Advertising	-	59	59	1,250	(1,191)
Engineering	-	143,817	143,817	335,000	(191,183)
Reports and publications	-	275	275	2,000	(1,725)
Audit expense	-	-	-	3,500	(3,500)
Computer equipment/software	-	178	178	17,973	(17,795)
Training, seminars and workshops	-	626	626	7,500	(6,874)
TOTAL EXPENDITURES	-	<u>144,955</u>	<u>144,955</u>	<u>367,223</u>	<u>(222,268)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**Metropolitan Planning Organization
City of West Memphis, Arkansas
NOTES TO SUPPLEMENTARY INFORMATION**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization

The Organization receives money from the Arkansas Highway Department and the City of West Memphis. The purpose of the Organization is to pay for and oversee transportation planning, land use survey, and traffic surveys for the Cities of West Memphis, Marion, and Sunset. The Organization is a Department of the City of West Memphis, Arkansas.

Accounting Method

The Metropolitan Planning Organization maintains its financial records in accordance with the principles of fund accounting. An accrual method of accounting is used whereby expenses are recognized in the period in which they are incurred; revenues are recognized when earned.

NOTE 2 - GRANT FUNDS RECEIVABLE

Grant Funds Receivable at December 31, 2006 consists of amounts due from the Arkansas Highway Department and city and county governments for the reimbursement of expenses incurred under the terms of the Grant Agreements.

NOTE 3 - DUE TO CITY OF WEST MEMPHIS

The balance due to the City of West Memphis results from cash advanced to the Metropolitan Planning Organization Department for grant expenses in excess of the required matching amounts.