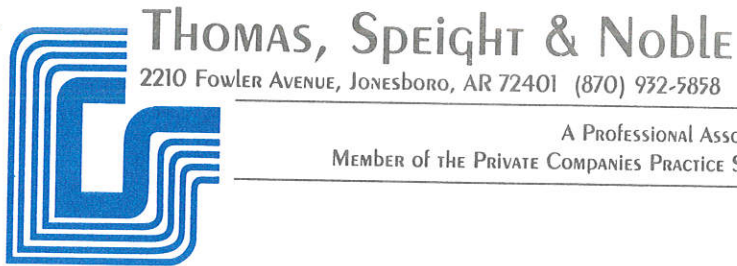


CITY OF JONESBORO, ARKANSAS
FEDERAL GRANTS
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

Thomas, Speight & Noble
Certified Public Accountants
2210 Fowler Avenue
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THOMAS, SPEIGHT & NOBLE

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A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2017

To the City Council
City of Jonesboro, Arkansas
300 S. Church Street
Jonesboro, AR 72401

We have audited the financial statements of the federal funds of the City of Jonesboro, Arkansas for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the federal grant funds of the City of Jonesboro, Arkansas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the federal funds of the City of Jonesboro, Arkansas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 8, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the federal funds of the City of Jonesboro, Arkansas' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issue

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the federal funds of the City of Jonesboro, Arkansas' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Jonesboro, Arkansas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Thomas, Speight & Noble, CPAs

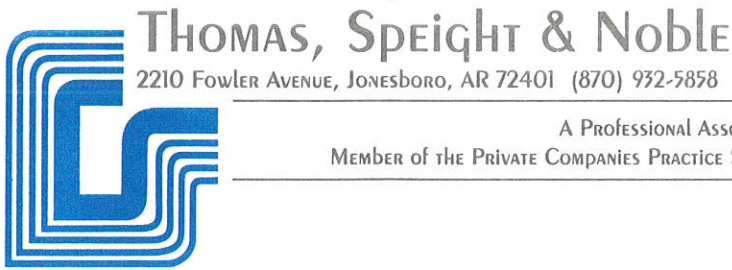
Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas

City of Jonesboro, Arkansas
Federal Grants
Audited Financial Statements

For the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Jonesboro, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the federal grant funds of the City of Jonesboro, Arkansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the federal grant funds of the City of Jonesboro, Arkansas' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements 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* (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 the financial statements are 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 statements.

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 statements referred to above present fairly, in all material respects, the respective financial position and the expenditures of federal awards of the federal grant funds of the City of Jonesboro, Arkansas for the year ended December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2017 on our consideration of the City of Jonesboro, Arkansas, federal grant funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Jonesboro, Arkansas, federal grant funds' internal control over financial reporting and compliance.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
September 8, 2017

City of Jonesboro, Arkansas
 Federal Grants
 Combined Statement of Net Position - All Fund Types and Account Groups
 December 31, 2016

	<u>Governmental Fund</u>		<u>Memorandum Total</u>
	<u>Types</u>	<u>Account Group</u>	
	<u>Special Revenues</u>	<u>General Fixed Assets</u>	<u>Only</u>
Assets			
Accounts receivable - other governments	\$ 391,204	\$ -	\$ 391,204
Property, plant and equipment		3,008,724	3,008,724
Total Assets	<u>\$ 391,204</u>	<u>\$ 3,008,724</u>	<u>\$ 3,399,928</u>
Liabilities and Net Position			
Due to general fund	<u>\$ 391,204</u>		<u>\$ 391,204</u>
Total Liabilities	<u>391,204</u>		<u>391,204</u>
Net Position			
Net investment in property, plant and equipment	<u>-</u>	<u>3,008,724</u>	<u>3,008,724</u>
Total Liabilities and Net Position	<u>\$ 391,204</u>	<u>\$ 3,008,724</u>	<u>\$ 3,399,928</u>

The accompanying notes are an integral part of these financial statements.

City of Jonesboro, Arkansas
Federal Grants
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2016

	<u>Governmental Fund Types</u>
Revenue	
Grant revenues	<u>\$ 2,457,835</u>
Total Revenue	2,457,835
Expenses	
Grant program expenses	<u>2,457,835</u>
Total Expenses	<u>2,457,835</u>
Excess Revenue Over Expenses	-
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

City of Jonesboro, Arkansas
Federal Grants
Notes to the Financial Statements
December 31, 2016

Note 1: Organization and Summary of Significant Accounting Principles

Nature of Operations

The entities on which these financial statements report are federal grant funds of the City of Jonesboro, Arkansas. The grants are the U.S. Department of Housing and Urban Development , Community Development Block Grants; the U.S. Department of Justice – Edward Byrne Memorial Justice Assistance Grant Program, Public Safety Partnership and Community Policing Grants, Missing and Exploited Children MEC Program; and the U.S. Department of Transportation – Federal Transit Formula Grants, Bus and Bus Facilities Program, Federal-Aid Highway Program, Metropolitan Transportation and Planning and Non-Metropolitan Planning and Research, State and Community Highway Safety, National Priority Safety Programs.

Under the U.S. Department of Housing and Urban Development Community Development Block Grants, the City was provided funds to develop viable urban communities by providing decent housing, a suitable living environment, and expand economic opportunities, primarily for persons of low and moderate income.

The Edward Byrne Memorial Justice Assistance Grant Program supports all components of the criminal justice system from multijurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. The Public Safety Partnership and Community Policing Grants are to advance the practice of community policing as an effective strategy in communities' efforts to improve public safety. These grants address the issue of school based policing through funding salaries of school resource officers. The Missing and Exploited Children MEC Program coordinates Federal missing and exploited children activities and support research, training, technical assistance, and demonstration programs to enhance the overall response to missing children and their families.

Federal Transit Formula Grants provide funding to assist in financing the planning, acquisition, construction, preventative maintenance, and improvement of facilities and equipment in public transportation services. Operating expenses are also eligible under this program in urbanized areas with populations of less than 200,000 and, under some limited exceptions, to some urbanized areas with populations of 200,000 and above. These funds were used for the Jonesboro Economical Transit System (JETS) Program.

The Federal-Aid Highway Program helps state departments of transportation to plan, construct, and preserve the National Highway System, an integrated, interconnected transportation system important to interstate commerce and travel; for transportation movements to Federal-aid highways and to bridges on all public roads; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges and to preserve bridges that are still in good condition; and to provide for other special purposes. This program was funded by the Arkansas Highway and Transportation Scenic Byways Grant and was used for the Crowley's Ridge Parkway; Craighead Forest Park Trail.

The Metropolitan Transportation and Planning and Non-Metropolitan Planning and Research grant provides funding for activities which may include preparation of transportation plans including transportation improvement programs and management systems; studies related to transportation management, operations, capital requirements, and economic feasibility; evaluation of previously funded capital projects; and other related activities in preparation for the construction, acquisition, or improved operation of transportation systems, facilities, and equipment.

The State and Community Highway Safety grant provides a coordinated safety program to reduce traffic crashes, deaths, injuries, and property damage. The National Priority Safety Programs grant addresses priorities for reducing highway deaths and injuries through occupant protection programs, state traffic safety information system improvements, impaired driving countermeasures, passage of effective laws to reduce distracted driving, implementation of motorcyclist safety programs, and the implementation of graduated driving licensing laws.

City of Jonesboro, Arkansas
Federal Grants
Notes to the Financial Statements
December 31, 2016

Note 1: Organization and Summary of Significant Accounting Principles (Continued)

Financial Reporting Entity

The reporting entity is the federal grant funds of the City of Jonesboro, a primary government. As required by accounting principles generally accepted in the U.S., these financial statements present financial position and results of operations of the federal grant funds included herewith. This report does not include all funds, account groups, and programs, which are controlled by the entity's governing body. Other activities, funds, account groups, and programs are included the government wide audit conducted by the State of Arkansas Division of Legislative Audit.

Fund Accounting

The accounts of the entity are organized on the basis of funds or account groups, each of which are considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, net position, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the funds are grouped, in the financial statements in this report, into one fund type (governmental) category, special revenue funds. The special revenue fund is used to account for federal grant funds expended by the City of Jonesboro, Arkansas.

Memorandum Totals Only

The total column on the combined financial statement is provided to aggregate the statement amounts by fund type and account group. The "memorandum only" total is not comparable to a consolidation and does not present consolidated financial information.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

Note 2: Accounts Receivable – Other Governments

At December 31, 2015, accounts receivable – other governments consisted of the following:

U.S. Department of Transportation - Federal Transit Formula Grants	\$	53,268
U.S. Department of Transportation - Federal-Aid Highway Program		238,044
U.S. Department of Transportation - National Priority Safety Program		13,206
U.S. Department of Transportation - Metropolitan Planning and Non-Metropolitan Planning and Research		20,282
U.S. Department of Housing and Urban Development - Community Development Block Grants		27,004
U.S. Department of Justice - Public Safety Partnership and Community Policing Grants		39,400
	<u>\$</u>	<u>391,204</u>

City of Jonesboro, Arkansas
Federal Grants
Notes to the Financial Statements
December 31, 2016

Note 3: Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation expense has been provided. All property, plant and equipment are valued at historical costs. The General Fixed Assets Account Group is not a fund. It is only concerned with the measurement of financial position and is not involved with measurement of results of operations.

A schedule of changes in fixed assets is as follows:

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
Autos	\$ 613,933	\$ 25,150		\$ 639,083
Office furniture and equipment	509,588	34,630	-	544,218
Buildings	1,825,423		-	1,825,423
	<u>\$ 2,948,944</u>	<u>\$ 59,780</u>	<u>\$ -</u>	<u>\$ 3,008,724</u>

Note 4: Contingencies

The City is subject to possible examinations with respect to these grants made by regulators who determine compliance with terms, conditions, laws and regulations governing the grants. Any examinations made may result in required refunds by the City to the grantor.

Note 5: Date of Management Review

Subsequent events have been evaluated through September 8, 2017, which is the date the financial statements were available to be issued.

City of Jonesboro, Arkansas
Federal Grants
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grants	14.218	B-14-MC-05-0012 B-15-MC-05-0012 B-16-MC-05-0012	\$ <u>689,175</u>
U.S. Department of Transportation			
Direct Programs:			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507		<u>683,984</u>
Total Federal Transit Cluster			683,984
Pass-through programs from:			
Arkansas Highway and Transportation Department			
Federal-Aid Highway Program	20.205	100821; 100849; 100856	739,076
Metropolitan Transportation and Planning and Non-Metropolitan Planning and Research	20.505	AR-81-X020 AR-81-X021	106,902
Pass-through programs from:			
Arkansas State Police			
State and Community Highway Safety	20.600	OP-2016-03-02-16 SE-2016-13-01-16 OP-2015-03-02-16 SE-2015-13-01-16	19,822
National Priority Safety Programs	20.616	M5X-2016-05-06-16 M5X-2015-05-06-16 M8DDLE-2015-08-02-16	<u>10,026</u>
Total U.S. Department of Transportation			1,559,810

The accompanying notes are an integral part of the financial statements.

City of Jonesboro, Arkansas
Federal Grants
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0592; 2014- DJ-BX-1135	54,086
Public Safety Partnership and Community Policing Grants	16.710		150,900
Pass-through program from:			
Arkansas State Police			
Missing and Exploited Children MEC Program	16.543	ICAC13-C2-07	3,864
Total U.S. Department of Justice			208,850
Total expenditures of federal awards			\$ 2,457,835

The accompanying notes are an integral part of these financial statements.

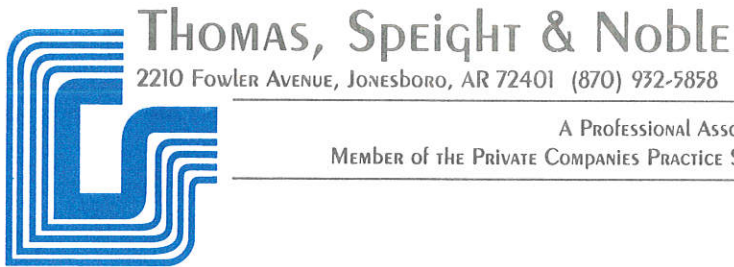
City of Jonesboro, Arkansas
Federal Grants
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2016

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Jonesboro, Arkansas under programs of the federal government for the year ended December 31, 2016. The information in this 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 City of Jonesboro, Arkansas, it is not intended to and does not present the financial position and changes in net position of the City of Jonesboro, Arkansas.

NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Jonesboro, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the federal grant funds of the City of Jonesboro, Arkansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jonesboro, Arkansas, federal grant funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jonesboro, Arkansas, federal grant funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jonesboro, Arkansas, federal grant funds' internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

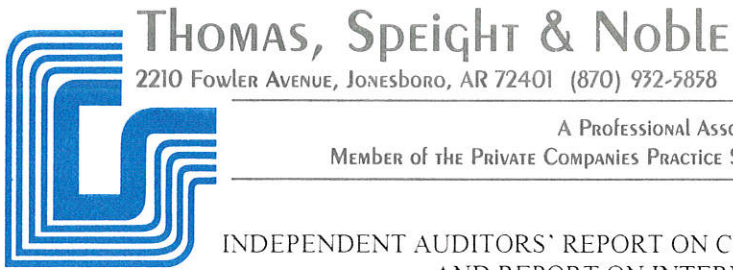
As part of obtaining reasonable assurance about whether the City of Jonesboro, Arkansas, federal grant funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
September 8, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Jonesboro, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the City of Jonesboro, Arkansas, federal grant funds' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Jonesboro, Arkansas' major federal programs for the year ended December 31, 2016.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Jonesboro, Arkansas, federal grant funds' major federal programs 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 City of Jonesboro, Arkansas, federal grant funds' 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 each major federal audit program. However, our audit does not provide a legal determination of the City of Jonesboro, Arkansas, federal grant funds' compliance.

Opinion on Compliance for Each Major Program

In our opinion, the City of Jonesboro, Arkansas, federal grant funds 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, 2016.

Management of the City of Jonesboro, Arkansas federal grant funds 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 City of Jonesboro, Arkansas, federal grant funds' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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 City of Jonesboro, Arkansas, federal grant funds' 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 to be 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.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
September 8, 2017

City of Jonesboro, Arkansas
Federal Grants
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Jonesboro, Arkansas' federal grant funds were in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statement are reported in the Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statement of the City of Jonesboro, Arkansas', federal grant funds which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the City of Jonesboro, Arkansas' federal grant funds expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the federal grant funds of the City of Jonesboro, Arkansas were disclosed during the audit.
7. The program tested as a major program include:
Community Development Block Grants/Entitlement Grants - 14.218
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Jonesboro, Arkansas' federal grant funds was determined to be a low-risk auditee.

