

When this audit was requested by the council, the following issues were to be a part of the initial assessment by Crowe-Chizek. Keep in mind this is a "loose" overview of what has been recommended.

1. Springbrook
2. Jail fees
3. Convention Center issues
4. Capital improvement expenditures 2000 forward
5. JETS since beginning
6. Street Department expenditures during 2007
7. Furniture and accessories reconciliation since 2005

Crowe-Chizek found:

1. Springbrook: It was determined that any effort to do a complete analysis of the system was greatly hampered by the manner in which the conversion was implemented. Further creating the problem of assessing the system, is the near complete turnover in employees involved in the implementation of Springbrook.

Crowe-Chizek has recommended a total reconciliation between NUMBERS and Springbrook accounting systems. They further recommended full reconciliation of financial and accounting data for accuracy of the initial data used to initialize the Springbrook system. Also, it was indicated controls be put in place to restrict who may or may not access this system.

2. Jail fees: Basically the ability to determine accurate information is hampered by the problems encountered for years by the lack of ability of the City and the County to blend their systems to give accurate and up-to-date data. Crowe-Chizek is comfortable with the Jonesboro Police Department and Chief Michael Yates current systems of accountability and there is probably nothing further needed, at least for the foreseeable future.

3. Convention Center issues: Crowe-Chizek was unable to find any information on this matter without further information. This information will be outlined in the meeting today.
4. Capital improvement: Since Crowe-Chizek issued their preliminary report information has come to light that presents new challenges to gleaning accurate information in this particular segment of the audit request. Some of these will be presented to you today.
5. JETS: Crowe-Chizek reports that supporting documents and data furnished them appeared in order, however, further study may be needed to determine if some further direction is given by the Council.
6. Streets Department: The auditors reported that CarteGraph has not been used to the extent of its' capabilities, thus making it difficult to assess expenses by job. Information has been given to several Councilmembers since the issuance of the initial report by Crowe-Chizek that will possibly simplify this process. We will look at some of this during this meeting.
7. Furniture and accessories: We will address this in a moment.

Several months ago I received a call from a relative who was in close proximity to a group of department heads, the Mayor and some of his staff. At least one Councilmember was invited to this luncheon. The Councilmember was approached and asked to attempt to basically stop this audit. The Councilmember, to his credit, refused. The conversation continued that indicated another Councilmember would be approached. He too declined. This information has been confirmed with both Councilmembers. This gives pause to me, as an elected official, that any city employee or elected representative of the people would attempt to stop an accounting of public funds. This, in and of itself, gives cause to believe we should proceed with a full and complete accounting of our taxpayer's money.

Let's begin with \$600,000 spent on furniture and accessories in 3 years:

I'm sure most of you have questioned as to how, in three short years, this city can spend over \$600,000 on furniture and accessories. As someone who has chaired the Police Committee for the past five years, I find it very difficult to believe that in excess of \$300,000 has been spent at the Justice Complex, the annex at Station 2 and/or the substations at Parker and Allen Parks. Crowe advised that furniture and accessories are exactly what the title states – furniture and items to accessorize. I've looked back in our last three budgets and this City Council has never approved \$600,000 for furniture and accessories, so I'm puzzled how this legally occurred. And if it occurred as it appears it did, then it raises questions as to what other funds may have been expended when not ~~property~~ approved. We need a full accounting on this particular issue.

Properly

That brings us to the Convention Center:

I have in my hands an accounting of the Convention Center Campaign. In that accounting, under income, there are 11 entries: \$900 each by 9 different banks for a total of \$8,100; \$10,000 NAIDC; \$20,748.02, NAIDC. If I'm not correct in stating that the Northeast Arkansas Industrial Development Commission is solely funded by County and City funds, someone please correct me. The NAIDC amounts total \$30,748.02.

Under expenses there are 6 entries: Gibson's Sign Mart, \$7,936.22 which the banks had agreed to contribute to pay for the convention center sign on site; \$8,500 to Harpole-Phillips for unknown expenses; \$9,890.78 to Quattlebaum, Grooms, et al of Little Rock; \$5,357.26 to Quattlebaum, Grooms, et al for attorneys fees; \$7,000 to ASU Delta Center for Economic Development for an impact study; and finally an item earmarked again for Quattlebaum, Grooms, et al. for \$9,571.38 marked (to be paid). The total paid expenditures less the sign costs total \$30,748.02, the same as the NAIDC contributions with an additional unpaid invoice to the law firm for \$9,407.60.

I personally asked Mayor Formon who was paying Tim Grooms to do the legal work on the proposed Convention Center. The Mayor told me he did not know, but thought he might be donating his services. The Mayor was further questioned on the matter by former Councilmember Alec Farmer at the City Council meeting on May

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16, 2006. The question asked was whether or not any city money had been used to promote the center. Mayor Forman answered "no". In a news story in the Sun on 11/01/06, in response to whether or not city money had been used to promote the center, the NAIDC Chair Wallace Fowler stated the only expenditure approved by the Mayor, paid through NAIDC, was \$7,500 to ASU to study the economic impact of the convention center. Other members of the NAIDC Board have stated that Mr. Fowler told them the Mayor had approved other expenditures as well. What makes this a concern is that the City Council had not approved the use of this money for the project that would have cost the taxpayers \$17 million, ~~and subsequently raised the issue of~~ ~~What other city funds have been expended without proper legal approval?~~

HP

So, ^{city} What other funds have been approved by the Admin. without proper approval by the Council -
Now for the Alberto issue: This need to be answered

the other
issues,

Several of you have expressed some concern about my concern with the Alberto project. I am always excited about industrial recruitment and would gladly pay the price for the great jobs Alberto is bringing to our community. But, I simply think the City Council, duly elected by the taxpayers to be good stewards of their tax dollars, has a right to know the ACTUAL costs to the city BEFORE city funds are expended. We still have not been told by the ~~Mayor~~ ^{Admin.} what the original cost to us was. The figures now appear to be so skewed that it will be virtually impossible to get an accurate accounting on this project. We, as a Council, all support industrial recruitment and economic development, but we need to know the costs associated with these projects on the front end so we can adequately allocate our financial resources properly as we are charged to do by the citizens of the City of Jonesboro. I think we all feel certain, from what little information we have, that we have expended far more resources on this project - and others - than we originally committed to or would have cost if bid through the private sector. The Alberto project is great for the city, all industrial projects have been great for the city, but how the administration of this city has handled this one has not been good for the taxpayers.

Next, I would like to very briefly address the capital improvement line items and Streets Department issues:

There are several areas in question. Crowe advised the source of the numbers quoted in their report as being given them by staff and taken from Springbrook. Rather than going line item, by line item, let me just note one particular situation in 2007 where a transformer was raised at JMC Park for nearly \$195,000. The actual cost of that transformer (from the PO) was less than \$6,500. There are several areas where I personally wasn't able to reconcile quoted figures with minutes of meetings where approval would be needed. I'm certainly not saying they aren't there. I'm just saying I haven't been able to find them. This deserves further scrutiny.

Several of us have learned from both past and current employees of the city that expenses that are coded in their departments for payment under a certain job or account line item, are sometimes changed before payment is made. This type of interference would make it impossible to put an accurate figure on any job.

Secondly, the Public Works Director was advised some time ago that CarteGraph was not being used correctly. I simply do not understand why this was not addressed then unless there is some deliberate attempt to confuse the Council and thus, the taxpayers.

Finally, I was contacted, and I believe at least one other Councilmember was also contacted, about an employee of the City of Jonesboro and some apparent conflicts of interests with regard to financial dealings. I don't put a great deal of credibility into these things unless the source is impeccable. I believe this source to be, but I checked further into this matter myself and found some very disturbing information. Yes, I did contact our APERMA attorney and advised him of this matter and took his advice in handing over what I had to the auditors. Although the dealings definitely raise questions, I'm not sure just how difficult it would be to determine that there has been, at the very least, more serious breaches of public trust. I have now spoken in confidence with our City Attorney on the matter and he has advised me to take this information to our Prosecuting Attorney. I will do that immediately. Once I have handed off what I have to the Prosecutor, it will be up to him to advise our City Attorney of his intentions. At this point, to prevent the possibility of unnecessarily casting any doubt on any official's or employee's character, I am not at liberty to divulge the specific information, but I did want to make you aware.

On January 1, 2009, this great city will have a new Mayor and some new Councilmembers. I believe, with everything that's in me, that this city deserves to start with a level playing field and all the books in order. The reasons I have outlined for you and the fact that we are facing a new administration strongly directs us, in my opinion, toward a full and complete accounting of our taxpayer's dollars. Thank you.