

City of Jonesboro, Arkansas Federal Grant Funds
Audited Financial Statements
For the Year Ended December 31, 2018

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City of Jonesboro, Arkansas
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For the Year Ended December 31, 2018

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Combined Statement of Net Position – All Fund Types and Account Groups	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Notes to the Financial Statements	5-7
Schedule of Expenditures of Federal Awards	8-9
Notes to the Schedule of Expenditures of Federal Awards	10
 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 <i>GOVERNMENT AUDITING STANDARDS</i>	 11-12
 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	 13-14
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS	 15



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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, 2018, 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, 2018, 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 Information

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*. The schedule of expenditures of federal awards is the responsibility of management and was derived directly from and relates directly to the underlying accounting and other records used to prepare the financial statements of the federal grant funds. Such information has been subjected to auditing procedures applied in the audit of the financial statements of the federal grant funds, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements of the federal grant funds and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements of the federal grant funds as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2019 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 25, 2019

**City of Jonesboro, Arkansas
Federal Grants
Statement of Net Position
December 31, 2018**

	Governmental Fund Types
	Special Revenues
Assets	
Accounts receivable - other governments	\$ 222,826
Total Assets	\$ 222,826
Liabilities and Net Position	
Due to general fund	\$ 222,826
Total Liabilities	222,826
Net Position	
Restricted	-
Total Liabilities and Net Position	\$ 222,826

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, 2018

	Governmental Fund Types
Revenue	
Grant revenues	\$ 2,639,512
Total Revenue	2,639,512
Expenses	
Grant program expenses	2,639,512
Total Expenses	2,639,512
Excess Revenue Over Expenses	-
Net Position, Beginning of Year	-
Net Position, End of Year	\$ -

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, 2018

Note 1: Organization and Summary of Significant Accounting Principles

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.

Nature of Operations

The grants are the U.S. Department of Housing and Urban Development - Community Development Block Grants, Emergency Solutions Grant Program ;and the U.S. Department of Justice – Bulletproof Vest Partnership Program, Edward Byrne Memorial Justice Assistance Grant Program, Public Safety Partnership and Community Policing Grants; and the U.S. Department of Transportation – Federal Transit Formula Grants, 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 Emergency Solutions Grant Program provides fund to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents; (5) rapidly rehouse homeless individuals and families, and (6) prevent families/individuals from becoming homeless.

The U.S. Department of Justice Bulletproof Vest Partnership Program funding is to protect the lives of law enforcement by helping state and local law enforcement agencies provide officers with armored vests. 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.

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 and was used for the Crowley's Ridge Parkway; Craighead Forest Park ATV Trail; Turtle Creek Mall Bridge; and Rains and Thorns Streets' sidewalks.

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.

City of Jonesboro, Arkansas
Federal Grants
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

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

Nature of Operations (Continued)

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.

The U.S. Department of Interior Wildlife Restoration and Basic Hunter Education grant provides funding to restore, conserve, and enhance wildlife populations, provide for public use and enjoyment of these resources, and to provide training to hunters and archers in skills, knowledge, and attitudes necessary to be responsible hunters and archers. These funds are used by the City to construct a public shooting range.

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.

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, 2018, accounts receivable – other governments consisted of the following:

U.S. Department of Transportation - Federal Transit Formula Grants	\$	73,155
U.S. Department of Transportation - Federal-Aid Highway Program		7,448
U.S. Department of Transportation - National Priority Safety Program		9,277
U.S. Department of Transportation - Metropolitan Planning and Non-Metropolitan Planning and Research		38,210
U.S. Department of Interior - Wildlife Restoration and Basic Hunter Education		20,079
U.S. Department of Housing and Urban Development - Community Development Block Grants and Emergency Solutions Grant Program		56,009
U.S. Department of Justice - Public Safety Partnership and Community Policing Grants and Bulletproof Vest Partnership Program		18,648
	<u>\$</u>	<u>222,826</u>

Note 3: 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.

City of Jonesboro, Arkansas
Federal Grants
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

Note 4: Date of Management Review

Subsequent events have been evaluated through September 25, 2019, 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, 2018

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:			
Entitlement Grants Cluster:			
		B-15-MC-05-0012	
		B-16-MC-05-0012	
		B-17-MC-05-0012	
		B-18-MC-05-0012	
Community Development Block Grants	14.218	AR0056L6F031600	\$ 547,987
Total Entitlement Grants Cluster			
Pass-through programs from:			
Arkansas Department of Human Services			
Emergency Solutions Grant Program	14.231	4600041	22,274
Total U.S. Department of Housing and Urban Development			
			570,261
U.S. Department of Transportation			
Direct Programs:			
Federal Transit Cluster:			
		AR-2016-003-00	
		AR-90-X136-01	
		AR-2019-001	
Federal Transit Formula Grants	20.507		750,069
Total Federal Transit Cluster			
			750,069
Pass-through programs from:			
Arkansas Highway and Transportation Department			
		100821; 100852; 100857; 100937; 100936; 100964;	
		100919	
Federal-Aid Highway Program	20.205		265,986
		AR-81-X020	
Metropolitan Transportation and Planning and Non- Metropolitan Planning and Research	20.505	AR-81-X021	145,656
Pass-through programs from:			
Arkansas State Police			
		OP-2018-03-02-17	
		SE-2018-13-01-17	
		OP-2019-02-02	
		SE-2019-01-01	
State and Community Highway Safety	20.600		41,168
		M5X-2018-05-06-17	
National Priority Safety Programs	20.616	M5X-2019-06-06-15	10,170
Total U.S. Department of Transportation			
			1,213,049

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, 2018

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:			
Bulletproof Vest Partnership Program	16.607	2017BU-BX-18095579	12,484
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-2017-DK-BX-0833	31,153
Public Safety Partnership and Community Policing Grants	16.710	2017-UMWX0148	<u>68,968</u>
Total U.S. Department of Justice			112,605
U.S. Department of Interior			
Pass-through program from:			
Arkansas Game and Fish Commission			
Wildlife Restoration and Basic Hunter Education	15.611	AR-W-F-14AR010316	<u>743,597</u>
Total expenditures of federal awards			<u><u>\$ 2,639,512</u></u>

City of Jonesboro, Arkansas
Federal Grants
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

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, 2018. 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.

The City of Jonesboro, Arkansas has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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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, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2019.

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*.

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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 25, 2019



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, 2018.

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, 2018.

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 25, 2019

City of Jonesboro, Arkansas
Federal Grants
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

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:
Wildlife Restoration and Basic Hunter Education - 15.611
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.