

STATE OF LOUISIANA LEGISLATIVE AUDITOR

City of Tallulah
Tallulah, Louisiana

June 14, 2000



Investigative Audit

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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City of Tallulah

June 14, 2000



**Investigative Audit
Office of the Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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June 14, 2000

**THE HONORABLE THEODORE LINDSEY, MAYOR,
AND MEMBERS OF THE BOARD OF ALDERMEN
CITY OF TALLULAH**
Tallulah, Louisiana

Transmitted herewith is our investigative report on the City of Tallulah. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations, as well as your response. Copies of this report have been delivered to the City of Tallulah; the Honorable James D. Caldwell, District Attorney for the Sixth Judicial District of Louisiana; the United States Attorney for the Western District of Louisiana; and others as required by state law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

MJL:EKL:AFB:ss

[TALLULAH]

Executive Summary

Investigative Audit Report City of Tallulah

The following summarizes the findings and recommendations as well as management's response that resulted from this investigation. Detailed information relating to the findings and recommendations may be found at the page number indicated. Management's response may be found at Attachment I.

City Employee Participated in Prohibited Transactions, Used Inmate Labor for Personal Gain, and Purchased Items Not Accounted for

(Page 5)

Finding:

Between August 1998 and January 2000, Mr. Larry Mahoney, an employee of the City of Tallulah (City), contracted with the City to do maintenance work and was paid \$23,052. Louisiana law prohibits public employees from contracting with their own agency. Some of this work was performed using inmate labor, which also appears to be in violation of state law. In addition, Mr. Mahoney used \$431 in City funds to purchase items that could not be accounted for and appear to be personal in nature.

Recommendation:

We recommend that the City cease contracting with its employees. We also recommend that the City establish policies and procedures that will safeguard public assets. Finally, we recommend that the Louisiana Board of Ethics and the District Attorney for the Sixth Judicial District of Louisiana review this information and take appropriate legal action, including seeking restitution.

Management's Response:

According to management, Mr. Mahoney was used as a handyman for work done on and around City hall. Mr. Mahoney states that he did pay inmates for assisting him and that he is willing to reimburse the City for the alternator.

City Makes Excessive Payments to Local Contractor

(Page 8)

Finding: For three fence installation jobs awarded to Mr. Billy Dew, owner of Dew Construction, the City of Tallulah (City) paid \$10,018 more than fair market value. In addition, no City official or employee would take responsibility for requesting or contracting for this work.

Recommendation: We recommend that management for the City design and implement procedures to ensure that taxpayers receive fair market prices through competitive bidding.

Management's Response: Management now requires all work to be signed off on by the individual or department head ordering the work.

**Mayor's Travel and Other Expenditures
Lacking Public Purpose**

(Page 11)

Finding: Mayor Theodore Lindsey authorized the use of City funds to pay travel expenses totaling \$2,721 for two individuals who are not employees of the City, \$1,321 for travel for his wife, and \$243 for questionable travel expenses for himself. In addition, he authorized \$369 of City funds to pay for an herbal supplement and \$3,500 for media coverage. None of these payments appear to have any public purpose.

Recommendation: We recommend that management for the City implement procedures to ensure travel expenses are for City related business. This information has been provided to the District Attorney for the Sixth Judicial District of Louisiana.

Management's Response: Mayor Lindsey states that he attempted to assist two individuals who were not employees of the City to obtain airline tickets in an emergency situation at an economical rate. Mayor Lindsey states that he will reimburse the City for one of the meals incurred in Jackson, MS. Furthermore, Mayor Lindsey states that at least one of the movie charges during this trip occurred accidentally. Mayor Lindsey states that his wife traveled with him in her capacity as First Lady of Tallulah. Finally, Mayor Lindsey believes the speech writing and article writing performed by Mr. David Davis were of value to the City.

Background and Methodology

The City of Tallulah, a Lawrason Act municipality, has five aldermen and a mayor who serve as the governing authority for the 8,500 residents of Tallulah.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the City; (2) interviewing other persons as appropriate; (3) examining selected City records; (4) performing observations and analytical tests; and (5) reviewing applicable state and federal laws and regulations.

Findings and Recommendations

CITY EMPLOYEE PARTICIPATED IN PROHIBITED TRANSACTIONS, USED INMATE LABOR FOR PERSONAL GAIN, AND PURCHASED ITEMS NOT ACCOUNTED FOR

Between August 1998 and January 2000, Mr. Larry Mahoney, an employee of the City of Tallulah (City), contracted with the City to do maintenance work and was paid \$23,052. Louisiana law prohibits public employees from contracting with their own agency. Some of this work was performed using inmate labor, which also appears to be in violation of state law. In addition, Mr. Mahoney used \$431 in City funds to purchase items that could not be accounted for and appear to be personal in nature.

PROHIBITED TRANSACTIONS

During the period August 1998 through January 2000, the City of Tallulah (City) contracted with and paid Mr. Larry Mahoney, a city employee, and Mahoney and Company, a total of \$23,052. These payments were not part of Mr. Mahoney's regular salary but were vendor payments for contracted work. Mr. Mahoney stated that on many occasions he made observations concerning work the City needed, performed the work, and then invoiced the City. Louisiana law prohibits public employees from participating in transactions involving the governmental entity, which employs them.

During 1999, Mr. Mahoney received \$2,600 from the City for work performed at the Tallulah Water Service Company by inmate labor. The work included steam cleaning the Water Service Company building, walkways, and parking area; painting the front columns, doorways, awning, shutters, and trash container; and replacing rotting wood. Mr. Carlton Davis and Mr. Gerald Wilson, inmates at the Madison Parish Detention Center, and Mr. Gary Long stated they performed the work. They also stated that Mr. Mahoney did not pay them for the work they performed and that Mr. Mahoney performed no work personally. Mr. Long, who was not an inmate when this work was performed, stated that he did this work without pay because Mr. Mahoney had promised to help him get a job with the City.

Also in 1999, the City paid Mr. Mahoney \$9,000 for installing playground equipment at the city park. Mr. Mahoney stated that he used Mr. Long and other workers he "picked up off the street" to do this work. *The Delta*, a local newspaper, featured a photograph of Mr. Long and inmates John Decker and Carl Lawson working on the playground equipment. Mr. Long, Mr. Decker, and Mr. Lawson confirmed that they worked on installing the playground equipment.

The remaining \$11,452 paid to Mr. Mahoney by the City was for various maintenance and repair jobs he did during 1998, 1999, and 2000.



The Delta photographed Gary Long (left) supervising inmates John Decker and Carl Lawson working on the playground equipment.

Louisiana law prohibits inmates from engaging in work for a private individual or business unless the work is part of a work release program. Warden Jimmy Shivers of the Madison Parish Detention Center stated that inmates are assigned to the City of Tallulah to perform public services. The inmates are not assigned to Mahoney & Company. He stated that any work performed by the inmates for Mahoney & Company would be an abuse of labor.

LARRY MAHONEY

Route 1, Box 267L
Tallulah, LA 71282
(318) 574-6969

TO: CITY OF TALLULAH
204 NORTH CEDAR ST.
TALLULAH, LA 71282

Larry Mahoney's invoice
for installation of the new
playground equipment.

The following work has been completed at the City Park:

- Leveling of ground
- Installation of Park Playground Equipment
- Repair Merry Go Round
- Repair Swing
- Repair and Cement Play Horses

Please issue a check payable to me for the sum of \$9,000.00.

Thank you !!!

UNACCOUNTED FOR PURCHASES

Mr. Gary Long stated that he witnessed Mr. Mahoney exchange an alternator belonging to the City's police department as part of the purchase of an alternator for a Pontiac Grand Am belonging to Mr. Mahoney's daughter. The total value of the exchange and purchase is \$155.

Mr. Mahoney identified the signature on the Autozone invoice as his handwriting. The invoice includes a vehicle description, provided by the customer, for a Pontiac Grand Am. The records of the Louisiana Department of Motor Vehicles list a Pontiac Grand Am in the names of Mr. Mahoney and Ms. Adrienne Mahoney. The City of Tallulah's asset

listing does not include a Pontiac Grand Am, and City Clerk Gerald Odom told us the City does not own this type of vehicle. Mr. Mahoney told us that he could have installed the

alternator in his daughter's car by mistake and that he would be willing to reimburse the City for the cost of the alternator.

The City paid \$276 for cinder blocks purchased by Mr. Mahoney in August of 1999. Mr. Long stated he was with Mr. Mahoney when he (Mahoney) obtained 212 cinder blocks from Louisiana Ready Mix. Louisiana Ready Mix provided us with the receipt for these blocks that contained the apparent signature of Mr. Mahoney. The blocks were charged to the city park, but Mr. C. J. Oney, City Supervisor, said no blocks were used at the park. Mr. Mahoney told us he (Mahoney) often stores City materials and tools at his home because the City does not have secure storage. However, neither Mr. Mahoney nor anyone else was able to show us where the blocks were used.

Autozone's charge to the City for the alternator.

AZ: 2008 CLAY ST VICKSBURG, MS 39180 (601) 630-0053
 Date: 09/02/1999 Time: 10:04a 000114 0114 00563815 232099

Customer Information		Order Information	
CITY OF TALLULAH 204 N. CEDAR ST. TALLULAH, LA 71282 Phone: (318) 574-0964 Tax Id: 72-600-1368		Invoice Number: 0114563815 PO Number: 6969 Order Date: 9/02/1999 Order Time: 10:04a Driver:	

SKU	Description	Cores	Core	Picked Up
				Y N
085163	1539-6-7 CS ALTERNATOR	55.00		<input type="checkbox"/> <input type="checkbox"/>

Management Signature: _____

Qty	SKU	Description	Items	Sugg List	Cost	Core	Amount
1	333351	DL7127M DURALAST R		75.98	37.99	15.00	52.99
1	085163	1539-6-7 CS ALTERN		199.98	99.99	55.00	154.99

Vehicle information is obtained from the customer. The City does not own a Grand Am.

Page 1 of 1

Year	Make	Model	Payment	Apprv	Amount
1991	PONTIAC	GRAND AM	0125 018101 1	000446	102.00

I certify that I have received the part(s) listed above, and further certify that these parts are for resale.

By: _____

**** Store Copy ****

Mr. Mahoney identified his signature on the invoice.

Subtotal: 102.00
 Tax: 0.00
 Total: 102.00
 MSDS can be ordered upon request

CONCLUSION

By contracting with his public employer and using inmates assigned to his employer in his personal business, Mr. Larry Mahoney may have violated one or more of the following laws:

- R.S. 14:134, "Malfeasance in Office"
- R.S. 14:140, "Public Contract Fraud"
- R.S. 15:832, "Work by Inmates"
- R.S. 42:1112, "Prohibited Participation in Certain Transactions"
- R.S. 42:1113, "Prohibited Contractual Arrangements"
- R.S. 42:1116, "Abuse of Office"
- R.S. 42:1461(A), "Obligation Not to Misuse Public Funds"

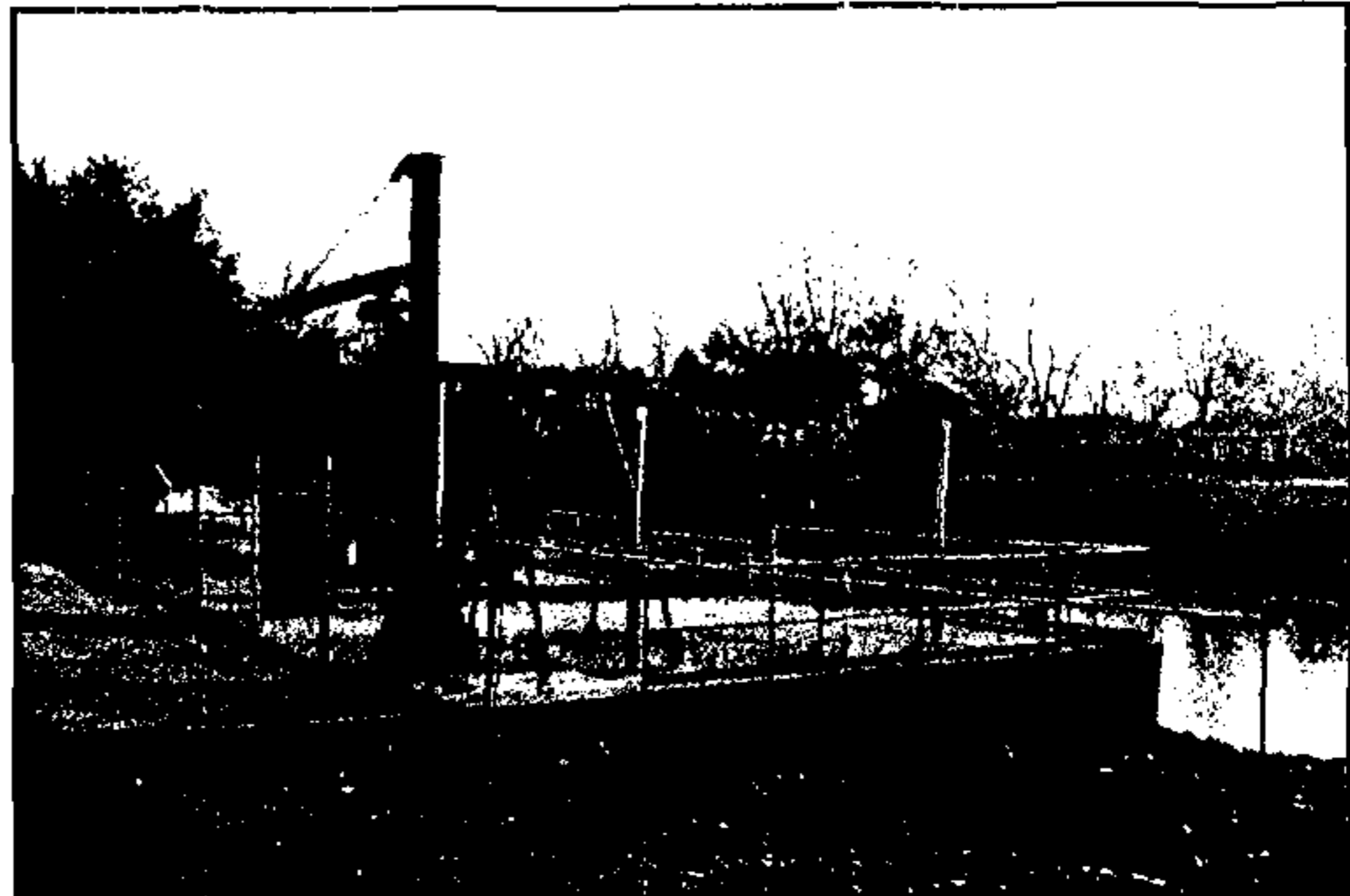
We recommend that the City cease contracting with its employees. We also recommend that the City establish policies and procedures that will safeguard public assets. Finally, we recommend that the Louisiana Board of Ethics and the District Attorney for the Sixth Judicial District of Louisiana review this information and take appropriate legal action, including seeking restitution.

CITY MAKES EXCESSIVE PAYMENTS TO LOCAL CONTRACTOR

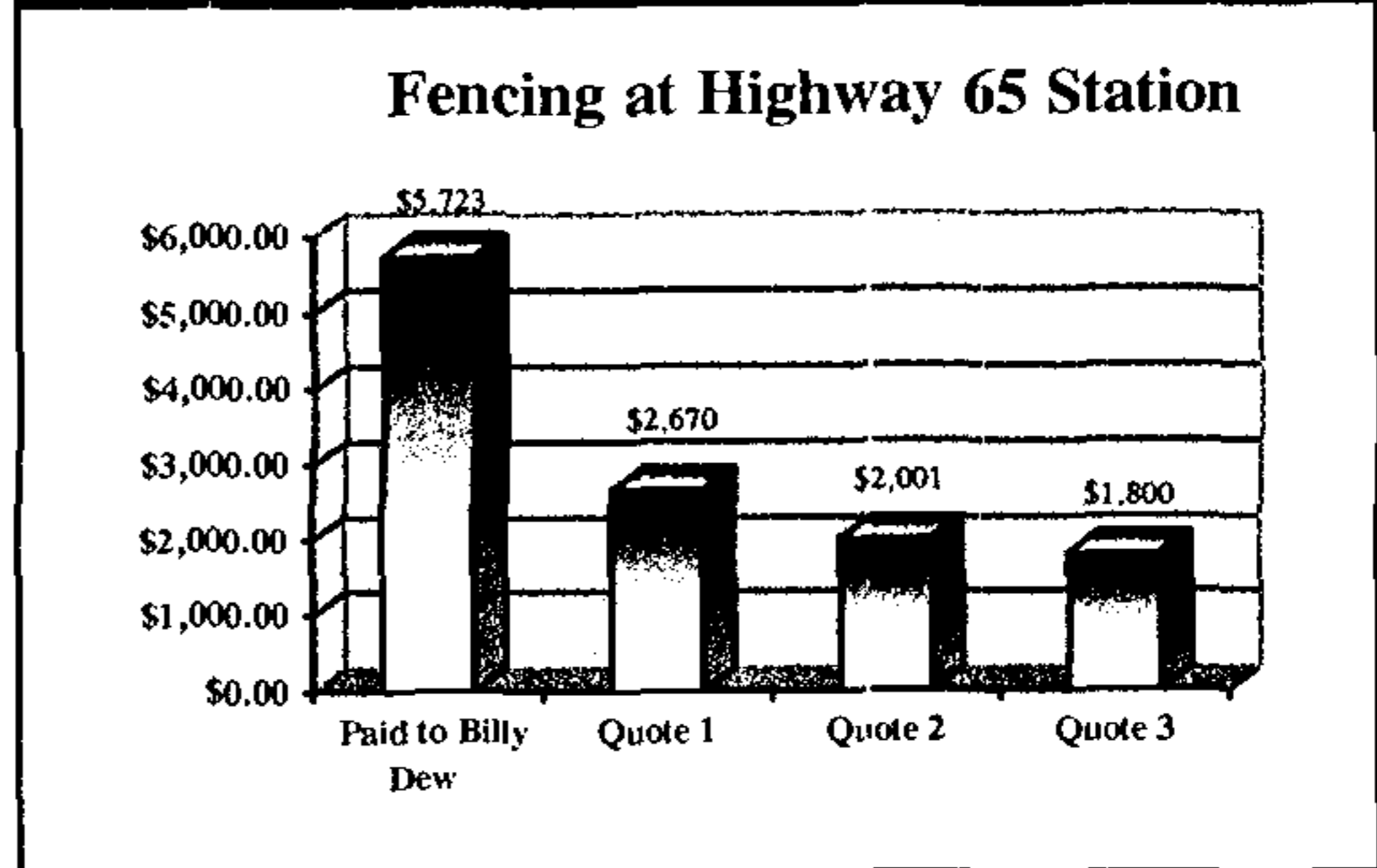
For three fence installation jobs awarded to Mr. Billy Dew, owner of Dew Construction, the City of Tallulah (City) paid \$10,018 more than fair market value. In addition, no City official or employee would take responsibility for requesting or contracting for this work.

During October of 1999, the City paid Dew Construction \$16,218 to install fencing at three sewer pumping stations located on Highway 65, Seventh Street, and Fish Street.

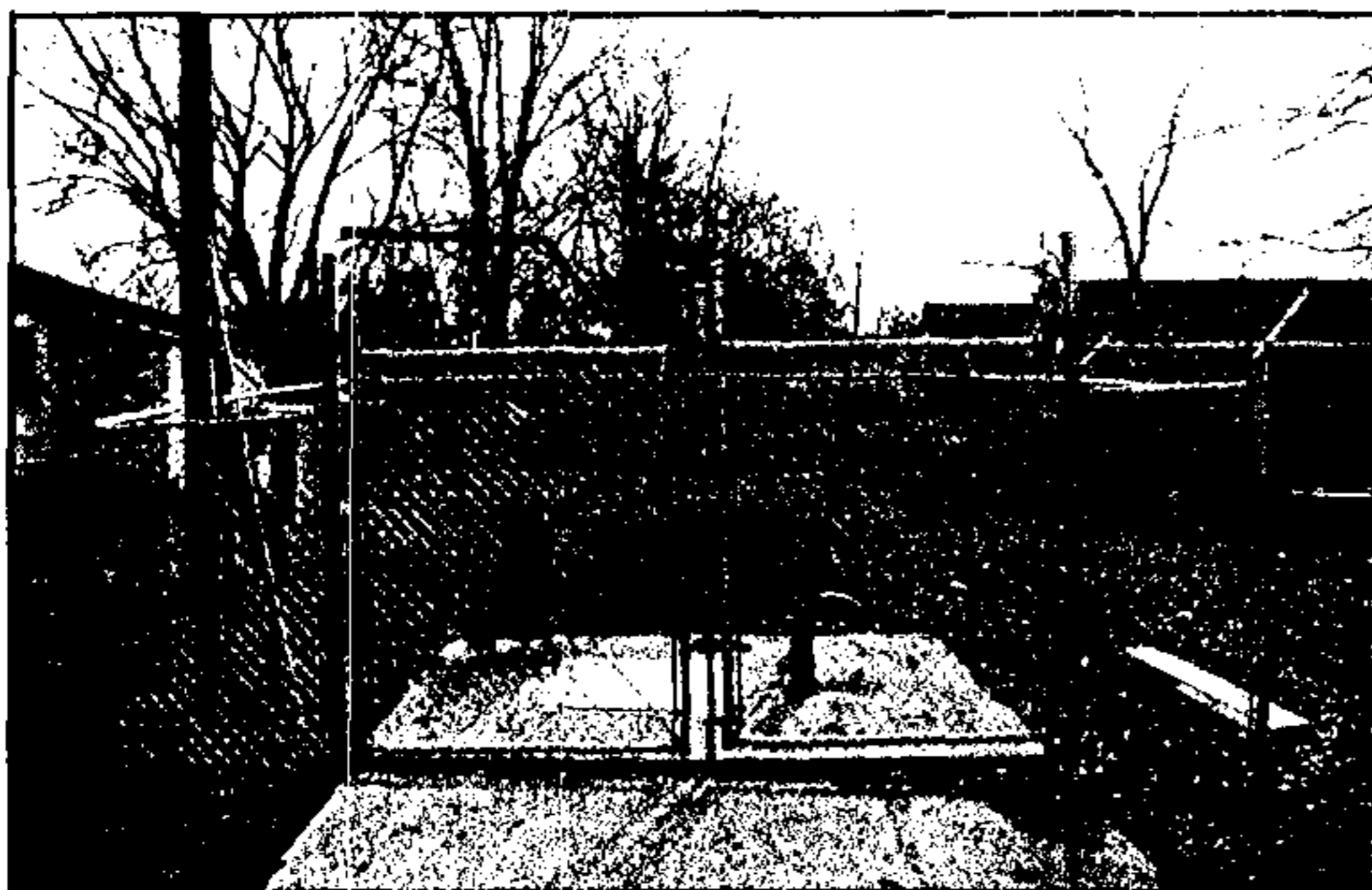
- The fencing installed at the Highway 65 station measures 51 feet by 32 feet. The City paid Dew Construction \$5,723 for this job. However, we obtained three competitive quotations that ranged from \$1,800 to \$2,670. Based on the highest quotation we received (\$2,670), the City paid 214% of fair market value to Mr. Dew. (See accompanying chart on this page.)



- The fencing installed at the Seventh Street station measures 17 feet by 21 feet. The City paid Dew Construction \$4,995 for this job. The three competitive quotations we received for this job ranged from \$700 to \$1,655. Based on the highest quotation we received (\$1,655), the City paid 302% of fair market value to Mr. Dew. (See chart on page 9.)

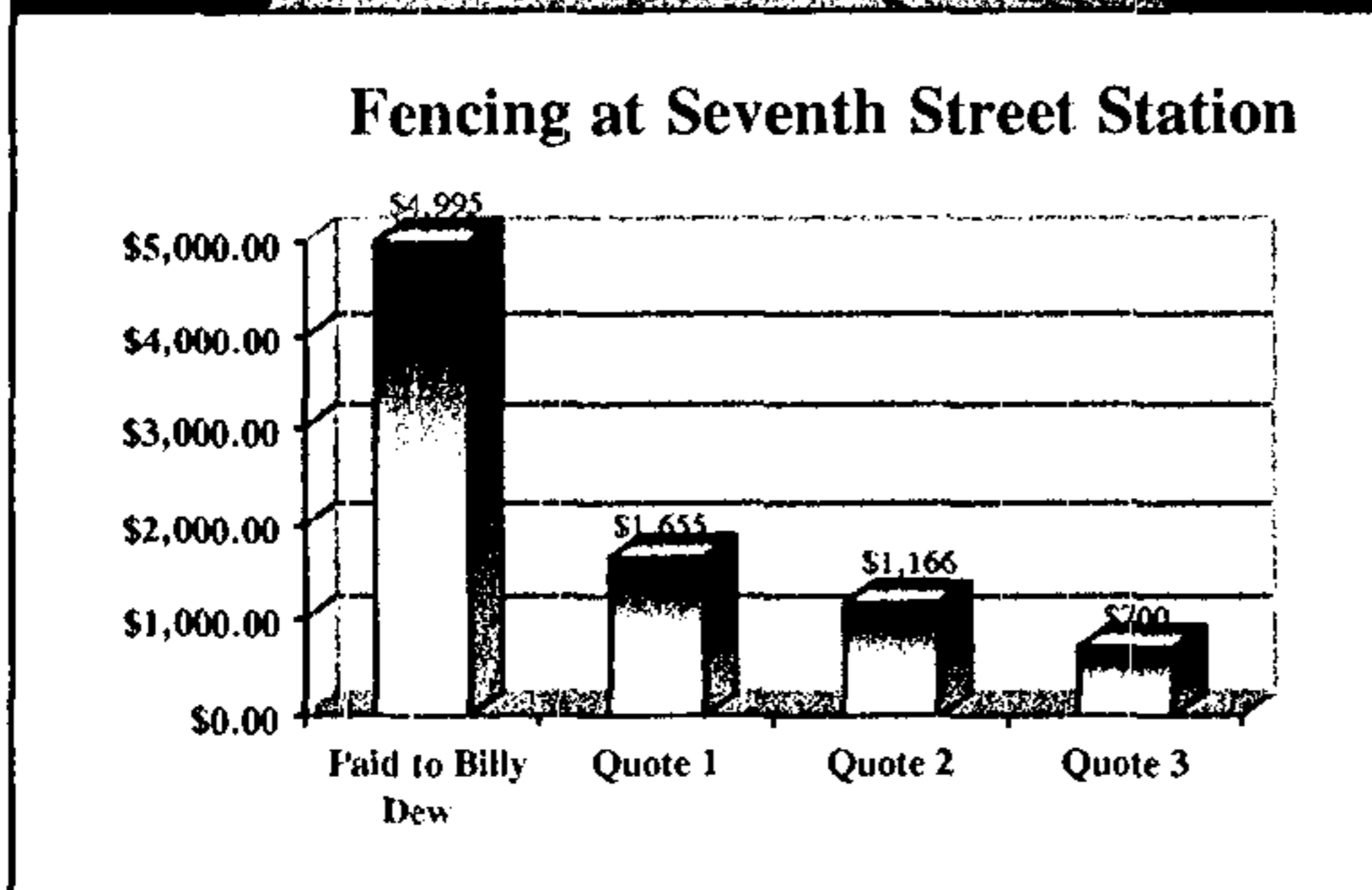


- The fencing installed at the Fish Street station measures 27 feet by 22 feet. The City paid Dew Construction \$5,500 for this job. The three competitive quotations we received for this job ranged from \$1,000 to \$1,875. Based on the highest quotation we received (\$1,875), the City paid 293% of fair market value to Mr. Dew. (See chart on page 10.)



Based on the highest quotations we received for each of the three jobs described previously, the highest fair market value we received for all three jobs is \$6,200. The City paid \$16,218 to Mr. Dew for these three jobs. This is 262% of fair market value or \$10,018 more than the amount the City should have paid.

The City could not provide us with any contracts for these projects. We spoke with Mr. Gerald Odom, City Clerk, concerning the fencing jobs done by Mr. Dew. Mr. Odom stated that he did not contact Mr. Dew about the fencing jobs. Mr. Odom also stated that Mr. C. J. Oney, City Supervisor, must have been the City employee who contacted Mr. Dew about this work. Finally, Mr. Odom said that when he saw the first invoice, he thought that the price was "a bit high." He spoke with Mr. Oney and Mayor Theodore Lindsey, who both indicated that the price was acceptable. He further said that no



other contractors were contacted for prices on these jobs.

We spoke with Mr. Oney concerning his knowledge of how Mr. Dew was contacted. Mr. Oney said that he did not contact Mr. Dew about the fencing projects and said that Mr. Tommy Carter, Manager of the Tallulah Water Service Company, contacted Mr. Dew to do the fencing jobs. Mr. Carter informed us that he did not contact Mr. Dew and that his first knowledge of the fencing was when either Mr. Oney or Mr. Eddie Blanson, a maintenance employee, told him about the fencing. Mr. Blanson stated that he was not the person who contacted Billy Dew regarding these projects.

We also spoke with Mayor Lindsey about these fencing jobs. He stated that he did not contact Mr. Dew nor does he know who did; however, he added that protocol says that it must have been either Mr. Oney, Mr. Odom, or Mr. Carter. He stated that he does not personally solicit quotes for City work but allows his department heads to handle this function.

An examination of City records indicates that Mayor Lindsey and Mr. Odom signed the checks paid to Mr. Dew for the above jobs. In addition, a handwritten price reduction on one of the invoices contains the initials "T.L." and "C.J.O." Mr. Oney stated that he initialed the price

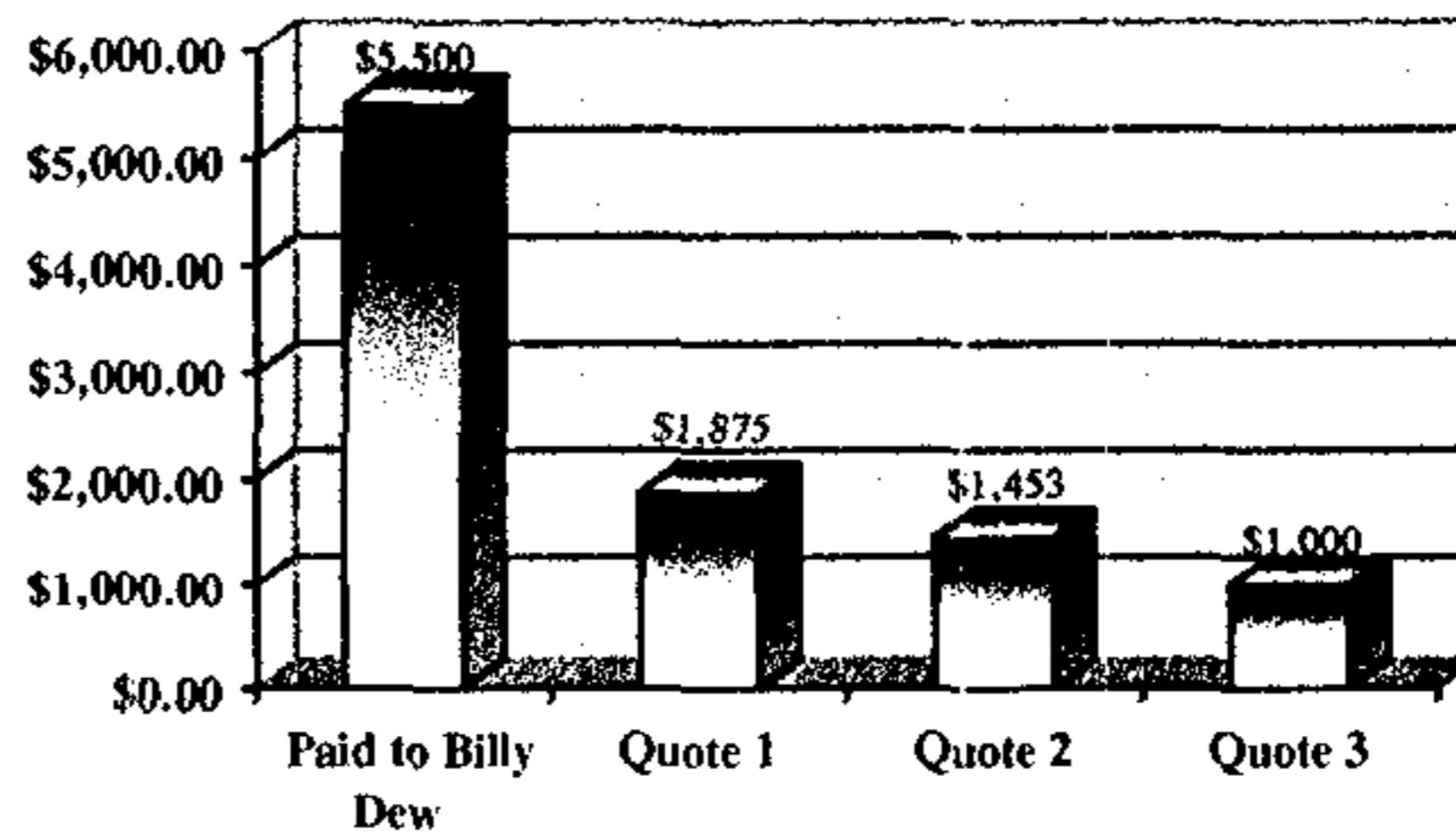
change. Mayor Lindsey said that someone else made the reduction, which he subsequently agreed to, though he did not know who wrote "T.L." on the invoice.

No city official or employee would accept responsibility for selecting Mr. Dew for this work or even requesting that the work be performed.

We reviewed the payments made to Mr. Dew during the 1998 and 1999 calendar years and found that the City paid Mr. Dew \$104,221 and \$264,457, respectively. Most of these payments were for maintenance work related to the City's sewerage system. Therefore, we could not assess the value of this kind of work. Since the City did not get quotes, we are not able to determine whether the payments made to Mr. Dew during 1998 and 1999 for this work represent fair market value. Mr. Dew has informed us that he will not discuss these matters with us.



Fencing at Fish Street Station



CONCLUSION

City officials did not take appropriate steps to ensure that fair market value was received for the expenditure of at least \$16,218 of public funds. These actions indicate possible violations of the following:

- R.S. 42:1461(A), "Obligation Not to Misuse Public Funds"
- Article 7, Section 14 of the Louisiana Constitution, "Donation of Public Assets"

We recommend that management for the City design and implement procedures to ensure that taxpayers receive fair market prices through competitive bidding.

MAYOR'S TRAVEL AND OTHER EXPENDITURES LACKING PUBLIC PURPOSE

Mayor Theodore Lindsey authorized the use of City funds to pay travel expenses totaling \$2,721 for two individuals who are not employees of the City, \$1,321 for travel for his wife, and \$243 for questionable travel expenses for himself. In addition, he authorized \$369 of City funds to pay for an herbal supplement and \$3,500 for media coverage. None of these payments appear to have any public purpose.

NON-CITY EMPLOYEES' TRAVEL EXPENSES

The City paid \$1,094 for round trip airline tickets for Ms. Leona Atkins and her brother, Mr. Marion Atkins, for travel from Jackson, Mississippi, to Las Vegas, Nevada, occurring during September 1999. Neither Ms. Atkins nor Mr. Atkins are City employees.

In addition, the City paid \$1,627 for a round trip airline ticket for Ms. Atkins from Monroe, Louisiana, to Portland, Oregon, for travel during September 1999. Ms. Atkins told us that she was scheduled to attend a job fair in Portland, and that once she learned of Mayor Lindsey's plan to visit Portland at the same time, she and the mayor decided to travel together.

Mayor Lindsey and Ms. Atkins both stated they had a verbal agreement for her to repay the City for her travel and the travel of her brother. According to Mayor Lindsey, the agreement was put in writing in March of 2000, six months after the City incurred the expenditures. Mayor Lindsey further stated that he would repay the City for the above trips in the event that Ms. Atkins fails to make reimbursement.

Management's response indicates that the administration was assisting two individuals to obtain airline tickets in an emergency situation. Officials with Travel Network, the issuers of the tickets, informed us that Ms. Atkins' ticket to Las Vegas was not used to travel, instead the ticket was used as a credit on the Portland trip. Officials with Delta Airlines told us that the ticket in the name of Mr. Atkins has yet to be used.

MAYOR'S TRAVEL EXPENSES

On November 30, 1999, the City remitted payment to American Express for the City's credit card. The payment included \$203 for charges at the Hilton Hotel in Jackson, Mississippi. Mayor Lindsey said that, while returning to Tallulah from Hammond, he became ill and stopped at the hotel to get some rest. He checked into the hotel on November 9, 1999, at 5:51 p.m. and checked out at 12:06 a.m., approximately six hours later.

The hotel bill reflected a room service charge in addition to two movie charges, one of which was for continuously viewed adult movies. Although management's response indicates that at least one movie charge was made accidentally, officials at the Hilton Hotel informed us that the selection of a movie requires several steps: first, the viewer selects the pay-per-view button on the remote control; second, a two digit number must be entered to choose the movie category;

Date 03/27/00
Time 11:19
Page 1

Hilton
Jackson

1001 E. County Line Rd. Jackson, Mississippi 39211 • (601) 957-2800 • Fax (601) 957-5119
MEMO 019268230003

Acct# 001378-00
Room# 901

Rate Code
Group
Room Type KS
Room Rate 119.00

Arrive NOV 09 99 17:51
Depart NOV 09 99 00:06 ML

LINDSEY/T

204 N CEDER ST
TALLULAH LA 71202

Exp: 00/01

Date	Description	Reference	Room	Charges	Credits
NOV 09	RESTAURANT	Charge to Room #1		47.03	
NOV 09	MOVIE	MOVIE 6349		9.58	
NOV 09	MOVIE	MOVIE 280		17.11	
NOV 09	ROOM			119.00	
NOV 09	STATE			9.52	
NOV 09				.75	
NOV 09	AMEX	CHECKED-OUT			202.99
				Balance Due	.00

Movie restaurant and movie charges at the hotel

Hotel Charges for Room
Breakfast

Jackson Hilton

1001 East County Line Rd
Jackson, Mississippi 39201
(601) 957-2800

Room Service CHECK # 3

Room : 901 19:44 NOV 9, 99
NO GUESTS: 1 SERVER :

Food

1 Ro D Porterhee (M.D.) (89) 17.95
1 Ro D Filet Mignon (M.W.) (89) 18.95

CHECK TOTAL 36.90

Sales Tax 8 % 2.90
Add Room Service Gratuity 7.17

TOTAL 47.03

GRATUITY : _____

TOTAL _____

GUEST NAME : LINDSEY/T
ROOM NUMBER : 901

SIGNATURE : *Theodore Lindsey*

PRINT NAME: Theodore Lindsey

ROOM NUMBER: 901

THANK YOU FOR DINING WITH US.

third, another two-digit number is required to select from the list of movies; finally, the viewer is notified that if he does not exit, the movie will be charged to his hotel bill.

Mayor Lindsey identified the signature on the room service bill as his signature. Room service included two steak dinners, a porterhouse and a filet mignon. He told us he would reimburse the City for one of the steak dinners because it was not appropriate. We also noted that Mayor Lindsey received \$40 for travel expenses on November 9, 1999.

TRAVEL EXPENSES OF MAYOR'S WIFE

We noted three occasions where City funds were used to pay for the travel expenses of the Mayor's wife, Ms. Erma Lindsey. The City's cost for Ms. Lindsey's plane tickets on these occasions were as follows:

- \$548 for an August 1999 trip to New York, New York
- \$392 for an April 1999 trip to Denver, Colorado
- \$381 for a November 1998 trip to San Francisco, California

Although City records indicate that Mayor Lindsey also flew on these occasions, the Attorney General has consistently stated that the state's constitution prohibits the use of public funds to pay for the travel of spouses of public employees. (A.G. 93-359, 90-519, 83-329, and 80-154).

PURCHASE OF PERSONAL ITEM

We also noted that on January 18, 2000, a charge of \$369 was incurred using the City credit card for an herbal supplement called Enerx, which is labeled as a "Male Performance Booster." Mayor Lindsey told us that he made this charge to the City's credit card with the intention of reimbursing the City. He further stated, however, that as of the date of our conversation (May 2, 2000), he still had not made reimbursement to the City. Subsequent to this discussion, the Mayor provided us with documentation indicating he made reimbursement to the City on May 22, 2000.

PAYMENT FOR MEDIA COVERAGE

The City paid the Northeast Louisiana Delta Community Development Corporation (CDC) \$3,500 on August 27, 1999. In an August 12, 1999, request to the City, CDC President Moses J. Williams proposed that the City, CDC, and the Madison Parish School Board each pay one-third of a \$21,000 one-year contract with the Delta Media Group for "enhancing media coverage of public events." The Delta Media Group publishes *The Delta*, a local newspaper that began publication in May of 1999.

City Clerk Gerald Odom told us this funding was needed because the *Madison Journal* was "... so obviously anti-Tallulah." Mr. David Davis, owner of *The Delta*, confirmed that the City supplied limited funding to provide an alternative news source in addition to other services.

Mayor Lindsey explained that he receives the assistance of Mr. Davis in preparing letters and speeches.

The State Supreme Court has held that Article 7, Section 14 of the Louisiana Constitution "... is violated whenever the state or a political subdivision seeks to give up something of value when it is under no legal obligation to do so." The Attorney General has held that in addition to having a public purpose, the expenditure's public benefit must be proportionate to the cost (A.G. 90-93).

CONCLUSION

By authorizing payment of travel and other expenses unrelated to City business, Mayor Lindsey may have violated one or more of the following laws:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 42:1461(A), "Obligation Not to Misuse Public Funds"
- Article 7, Section 14 of the Louisiana Constitution, "Donation of Public Assets"

We recommend that management for the City implement procedures to ensure travel expenses are for City related business. This information has been provided to the District Attorney for the Sixth Judicial District of Louisiana.

Attachment I

Management's Response

Management's Response - #1:

Mr. Mahoney was used as a handyman for work done on and around City Hall. Mr. Mahoney states that he did pay inmates for assisting him and that he is willing to reimburse the City for the alternator.

Management's Response - #2:

The City of Tallulah has been warned by DEQ that it could face fines ranging from \$25,000 to \$50,000 per day if we have violations on our sewerage system and we have promised various agencies that we would do all that we could in our power to prevent such actions.

During this time we were having our lift stations vandalized and with the possibility of protecting our assets and protecting the City from possibly paying \$25,000 - \$50,000 per day for violations, we thought we were saving the taxpayers money and protecting their health.

Finally the City has established a policy where any and all work must be signed off on by the individual or department head who orders the work , and Mr. Oney gave the auditors a tape recording where Mr. Dew stated that Mr. Tommy Carter requested that he (Dew) do the fence jobs or work. We also asked the auditors to show us how to get bids or quotes at fair market value.

Management Response - #3 (A)

This administration has always tried to help its citizens. In this case it was to assist two individuals who were not employees of the City, to obtain airline tickets in an emergency situation at a cheap rate. Originally, there was an oral agreement to pay this money back before the end of July, but it was put in writing later to assure that the City would not lose and if it wasn't paid, the sworn affidavit would guarantee the city's funds or the Mayor would pay it back as he always does when citizens won't pay.

(B)

Ms. Atkins paid the \$2100.00 back as the auditors originally indicated and the Mayor denies any intent to do wrong. The Mayor did travel to Hammond, took ill and drove to Jackson, Mississippi where he ordered some food and he doesn't recall whether he ordered one meat or two but will reimburse for one meat. As for the movie, it is believed that as he always does sleep with the TV. on, and feeling ill, he may have left the TV. on or accidentally hit a pay television station button twice while trying to sleep. I categorically deny intent to abuse his travel or expenses.

- (C) **Whenever the Mayor's wife has traveled with him, she has done so in her capacity as First Lady of Tallulah, to Mayor's Conferences where Mayors' wives are invited and this administration believes that all expenses incurred were for City purposes because Mrs. Lindsey represents the City of Tallulah as does the President's wife who represents the United States of America. These were business trips and not personal trips, and again, I categorically deny any intent to defraud, misuse or abuse public funds. Numerous times the Mayor has gone on trips and not charged the City.**
- (D) **As has been the practice of the City from time to time, persons have ordered items on the City's cards and reimbursed the City as well as we have bought things on our cards or out of our pockets and the City would reimburse us. The Mayor did purchase a herbal supplement and has since reimbursed the cost to the City. As of today, the City has established a policy where no one will acquire any items irregardless of the circumstances on the City's cards.**
- (E) **The City entered into an agreement with NELDC and the Madison Parish School Board to hire David Davis to assist in speech writing and article writing, and Mr. Davis attended meetings representing the City and the Mayor which we feel gave a valuable service to this administration and we categorically deny that it wasn't of value to the City,**

The shortcomings brought to light in this audit will be corrected and strictly adhered to in the future. This current administration for Tallulah will exert all of its effort to keep Tallulah moving in the right direction.

Attachment II
Legal Provisions

Legal Provisions

R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

R.S. 14:68 provides, in part, that unauthorized use of a movable is the intentional taking or use of a movable which belongs to another, either without the other's consent, or by means of *fraudulent conduct, practices, or representations, but without any intention to deprive the other of the movable permanently.*

R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

R.S. 14:140 provides, in part, that public contract fraud is committed when any public officer or employee shall use his power or position as such officer or employee to secure any expenditure of public funds to himself, or to any partnership to which he is a member, or to any corporation of which he is an officer, stockholder, or director.

R.S. 15:832 provides, in part, that when inmates are assigned to maintenance work at public facilities outside the department, the contracting authority shall agree to permit the inmate to engage only in work designed to conserve natural resources, maintain or improve public property or to assist with the daily functioning of the jail, prison, or courthouse and to prohibit the inmate from engaging in any work for a private individual or business entity whether said inmate is paid or not.

R.S. 42:1112 provides, in part, that no public servant, except as provided by R.S. 42:1120, shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity.

R.S. 42:1113 provides, in part, that no public servant, excluding any legislator and any appointed member of any board or commission and any member of a governing authority of a parish with a population of ten thousand or less, or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.

R.S. 42:1116 provides, in part, that no public servant shall use the authority of his office or position, directly or indirectly, in a manner intended to compel or coerce any person or other public servant to provide himself, any other public servant, or other person with any thing of economic value.

R.S. 42:1461(A), provides, in part, that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.

Article 7, Section 14 of the Louisiana Constitution provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.