

# CITY OF BOGALUSA

## INVESTIGATIVE AUDIT SERVICES

Issued July 10, 2024

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
MICHAEL J. "MIKE" WAGUESPACK, CPA

**ASSISTANT LEGISLATIVE AUDITOR FOR INVESTIGATIONS**  
ROGER W. HARRIS, J.D., CCEP, CFI

**INVESTIGATIVE AUDIT SENIOR MANAGER**  
GREGORY CLAPINSKI, CPA, CFE

**INVESTIGATIVE AUDIT TEAM**  
KUNTA OSBERRY, MBA  
LEWIS "BREN" BRENDLE, MBA, CFE

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July 10, 2024

**HONORABLE TYRIN TRUONG, MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

Bogalusa, Louisiana

We are providing this report for your information and use. This investigative audit was performed in accordance with Louisiana Revised Statutes 24:513, *et seq.* to determine the validity of complaints we received.

The procedures we performed primarily consisted of making inquiries and examining selected financial records and other documents and do not constitute an examination or review in accordance with generally accepted auditing or attestation standards. Consequently, we provide no opinion, attestation, or other form of assurance with respect to the information upon which our work was based.

The accompanying report presents our findings and recommendations, as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the 22<sup>nd</sup> Judicial District of Louisiana, and others as required by law.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

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# EXECUTIVE SUMMARY

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## **City Used American Rescue Plan Act Funds to Improperly Pay Bonuses to City Employees and Officials**

Former City of Bogalusa (City) Mayor Wendy O'Quin Perrette authorized the issuance of bonus payments to City employees and officials totaling \$468,125 on December 30, 2022. These payments appear to be prohibited bonuses, as the City officials and some employees are either not eligible workers and/or the payments were not tied to actual work performed. The payment of bonuses may have violated the Louisiana Constitution, which prohibits the donation of public funds, the Bogalusa City Charter, and state law.

## **City Did Not Comply with the Local Government Budget Act**

The City may have violated state law and the City Charter since it could not provide records to demonstrate that it properly adopted budgets in a timely manner for fiscal years ended December 31, 2023 and 2024.

## **Possible Violations of the City Charter**

During the course of our audit, we reviewed several actions taken by the City's Administration to ensure its compliance with the City's Charter. According to documentation available for these actions, we determined: (1) the Administration failed to submit contracts to the City Council (Council) for approval; (2) the Administration failed to obtain Council approval for director's salaries and its reorganization plan to hire new positions; and (3) commissions created by the Council were dissolved without Council action. In addition, we found that the City failed to reduce certain contracts (public works) to writing as required by state law and hired contractors who did not have the appropriate licenses required by state law.

## **Possible Donation of City Funds**

From January 2022 to September 2023, the City appears to have donated public funds totaling \$37,600 to at least five organizations without proper documentation and/or cooperative endeavor agreements to demonstrate the receipt of equivalent value for the amounts expended. During the same period, it appears that the City paid certain employees \$20,686 in overtime payments for hours not worked. Because the City cannot demonstrate the receipt of equivalent value for funds provided to other organizations or for overtime hours not worked,

City management may have violated the Louisiana Constitution, which prohibits the donation of public funds, and state law.

### **Improper Leave Payouts**

Payroll records indicate the City issued 21 payouts for accumulated unused vacation and sick leave hours totaling \$368,132 between October 2022 and April 2024. According to both City policy and the Department of Public Works (DPW) union contract, any unused vacation hours are to be paid to employees at the end of the calendar year or their next employment anniversary year. Based on payroll records, it appears the City allowed employees to carry over and accumulate unused vacation leave hours. As such, the City made 10 payments for accumulated vacation hours totaling \$212,075 in violation of its own vacation policy and the DPW union contract terms. In addition, it appears that the City issued sick leave payouts totaling \$12,751 to two employees while they were still employed. City policy only allows for payment of unused sick leave upon termination of employment.

### **Flawed Request for Proposals Process**

The City contracted with O&R Services and Supplies, LLC (O&R) to provide mosquito control services over a 12-week period beginning in July 2023. A review of the proposals obtained by the City shows O&R member Virgil Rayford, Jr. submitted another vendor's (Vendor 2) proposal to the City as O&R's own, but for a higher price. In addition, it appears Mr. Rayford submitted false documentation to the City, including a certificate of liability insurance and a licensing certification to demonstrate O&R's ability to perform the contract. Although O&R's proposal was nearly identical to Vendor 2's proposal, but with a higher price, the City scored O&R's proposal higher and awarded the contract to O&R. Further, the City paid \$6,088 to O&R for which no services were provided. By providing false documentation to the City and receiving payment for services not provided, Mr. Rayford may have violated state law.

### **Retirement Contributions**

For fiscal year ending December 31, 2023, the City failed to remit retirement contributions to the Municipal Police Employees' Retirement System and the Firefighters' Retirement System in a timely manner. By failing to remit retirement contributions in a timely manner, the City was subjected to additional interest payments totaling \$6,232.



### **City Failed to Produce Records in Possible Violation of State Law**

Records from the 22<sup>nd</sup> Judicial District Court (Court) show that the City failed to respond to a vendor's request to inspect public records in possible violation of state law. In response, the vendor sued the City in March 2023 and obtained a judgment against the City for violating the Public Records Law (La. R.S. 44:31, *et. seq.*). By failing to provide access to public records, City employees and officials appear to have violated the Public Records Law and subjected the City to attorney's fees, court costs, and penalties totaling \$4,038.

### **Misclassification of City Workers as Independent Contractors**

During our review of City records, it was observed that several City workers may have been classified as independent contractors despite not meeting the Internal Revenue Service's guidelines for such classification. The misclassification of city workers as independent contractors has implications on the City's payroll tax withholdings and workers' compensation premiums, which may lead to additional premiums, penalties, and interest charges.

### **Delinquent Utility Accounts**

The City does not have adequate written policies and procedures regarding unpaid utility accounts. As of October 11, 2023, active/inactive utility customer balances greater than 30 days past-due totaled \$2,098,909. Currently, it appears that the only measure the City takes against customers with past-due accounts is to disconnect utilities after 60 days.

### **City Vehicle Not Marked in Accordance with State Law**

Louisiana law requires any vehicle belonging to the state or any of its political subdivisions to bear a Louisiana public license plate, and that each vehicle must also have a logo that is inscribed, painted, decaled, or stenciled conspicuously on it, bearing the name of the agency. On January 30, 2023, Mayor Tyrin Truong, acting on the City's behalf, entered into a five-year (60-month) lease contract for a 2023 Chevrolet Tahoe with Enterprise Fleet Management, for a monthly lease payment of \$1,218. In November 2023, we observed Mayor Truong's City-supplied vehicle and noted there were no decals or other identification on it that displayed the City's name. By leasing a vehicle and failing to mark that vehicle with the City's name, Mayor Truong may have violated state law.

### **Ethics – Assistance to Certain Persons After Termination of Public Service**

La. R.S. 42:1121(B)(1) states, in part, that "No former public employee shall...for a period of two years following termination of his public employment,

render, any service which such former public employee had rendered to the agency during the term of his public employment on a contractual basis, regardless of the parties to the contract, to, for, or on behalf of the agency with which he was formerly employed.” City records show that former Treatment Plant Manager Don Jones retired from DPW effective October 7, 2022. These records further show that Mr. Jones began working for the City as a treatment plant consultant on a contract basis at the rate of \$30 per hour on October 10, 2022. Because Mr. Jones contracted with the City within two years of separating from the City to perform the same services he performed as a City employee, he may have violated the state’s ethics laws.

### **Noncompliance with Fiscal Review Plan**

In May 2019, the 22<sup>nd</sup> Judicial District Court accepted the recommendation of the Louisiana Fiscal Review Committee and placed the City under the guidance of a Fiscal Administrator. The Fiscal Administrator oversaw the fiscal affairs of the City until June 2021, at which time the control of the City’s fiscal affairs was returned to the Mayor and Council. In accordance with La. R.S. 39:1352(B), the Fiscal Administrator submitted a final report and three-year plan for the City to follow in order to maintain fiscal stability. Based on our review, it does not appear that the City has fully complied with the requirements and recommendations of the three-year plan approved by the Fiscal Review Committee in July 2021.

## **BACKGROUND AND METHODOLOGY**

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The City of Bogalusa (City) is located in Washington Parish and has a population of 10,659 (2020 Census). The City was incorporated on July 4, 1914, and is governed by the provisions of a home rule charter adopted October 22, 1977. The City operates under a "mayor-council" form of government that consists of an elected mayor heading the executive branch and an elected council representing the legislative branch. The City provides utility, public safety (police), streets, sanitation, and general administrative services to residents and businesses.

State law<sup>1</sup> requires the City's annual audit to be completed within six months of the close of its fiscal year. The City has not submitted its 2022 annual audit, which was due on June 30, 2023. We began our audit after receiving numerous complaints regarding the City's use of public funds. The procedures performed during this audit included:

- (1) interviewing employees and officials of the City;
- (2) interviewing other persons, as appropriate;
- (3) examining selected documents and records of the City and third parties;
- (4) reviewing the City's home rule charter and policies; and
- (5) reviewing applicable state laws and regulations.



## FINDINGS AND RECOMMENDATIONS

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### **City Used American Rescue Plan Act (ARPA) Funds to Improperly Pay Bonuses to City Employees and Officials**

**Former City of Bogalusa (City) Mayor Wendy O’Quin Perrette authorized the issuance of bonus payments to City employees and officials totaling \$468,125 on December 30, 2022. These payments appear to be prohibited bonuses, as the City officials and some employees are either not eligible workers and/or the payments were not tied to actual work performed. The payment of bonuses may have violated the Louisiana Constitution,<sup>2</sup> which prohibits the donation of public funds, the Bogalusa City Charter, and state law.<sup>3</sup>**

Among other things, ARPA established the Coronavirus State and Local Fiscal Recovery Funds program to provide funds to state, local, and Tribal governments to support their response to, and recovery from, the COVID-19 public health emergency. The U.S. Department of Treasury allocated more than \$315 million for distribution to non-entitlement units (NEUs) of local governments within the state.<sup>A</sup> The Louisiana Department of Treasury receives and distributes ARPA funds to NEUs based on the most recent census bureau population data.

State law<sup>4,5</sup> and the City’s Charter require the City to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund, and that an adopted budget constitutes the authority of the chief executive or administrative officers to incur liabilities and authorize expenditures. Any amendments to the adopted budget require the governing authority to adopt a budget amendment in an open meeting to reflect such change.<sup>6</sup>

The City received a total of \$4,258,246 in ARPA funds from the Louisiana Department of Treasury in two disbursements: September 2021 (\$2,127,390) and October 2022 (\$2,130,856). The ARPA disbursements were initially deposited into the City’s General Fund bank account and then transferred to a separate, special revenue fund bank account titled “American Rescue Plan.” The City’s adopted budget for the year ending December 31, 2022, appears to include the \$2,127,390 within the American Rescue Plan special revenue fund and provided for the expenditure of funds totaling \$2,000,000 for water/sewer improvements. It does not appear that the City amended this special revenue fund’s (American Rescue Plan) budget to include the receipt of additional funds in October 2022

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<sup>A</sup> The U.S. Department of the Treasury defines a NEU as a term to mean a “city” as defined in section 102(a)(5) of the Housing and Community Development Act of 1975 (HCDA) that is not a metropolitan city. NEUs are local governments typically serving a population under 50,000, including cities, villages, towns, townships, or other types of local governments.

(\$2,130,856), nor the expenditure of funds for any purpose other than water/sewer improvements.

### Prohibited Bonus Pay

Bank records show that the City transferred \$475,480 from the American Rescue Plan bank account to the General Fund bank account on December 29, 2022. Accounting records show that the City used these funds to pay bonuses totaling \$468,125 to all City employees, including former Mayor Perrette and department directors. According to Ms. Perrette, \$475,480 in ARPA funds were used to provide "premium pay" to City employees as outlined in the guidelines for the use of American Rescue Plan funds. Ms. Perrette stated that the amount of premium pay provided to each employee was based on 10% of the employees' annual salary, with a prorated percentage for employees who worked at the City for less than a year. For example, if an employees' annual salary was \$35,000, their one-time premium pay would have been \$3,500 ( $\$35,000 \times .10 = \$3,500$ ). According to the City's former Director of Administration, other percentages of salary were considered; however, 10% was the most the City could pay while still maintaining the necessary amount to be used as matching funds for a water and sewer grant. Ms. Perrette also stated that initially she was paid the premium pay; however, upon learning that elected officials could not receive the premium pay, she returned the payment to the City within days of receiving it.

The Louisiana Constitution generally prohibits bonuses or reward payments to employees for performing their normal job-related duties. *Louisiana Attorney General (AG) Opinion 15-0130* provides, in part: "...payment of a bonus as a reward for an employee's performance of his or her normal duties would be prohibited by La. Const. art. VII § 14..." In addition, *AG Opinion 09-0260* states, in part, "...Paying an employee extra compensation in addition to what is owed to her for work that has been done in the past when the employer is under no legal obligation to do so is payment of a bonus. This office has consistently opined that the payment of a bonus, or any other gratuitous, unearned payment to public employees is prohibited..." Further, the City Charter requires the mayor's compensation to be set by ordinance and compensation of department directors subject to approval of the City Council (Council). As such, any additional compensation paid to the mayor or department directors required Council approval. We were unable to find evidence that the Council amended, by ordinance, the mayor's compensation or authorized extra compensation for the department directors.

The Final Rule allows ARPA funds to be used for "premium pay" (up to \$13 per hour for eligible workers<sup>B</sup> performing essential work<sup>C</sup> during the COVID-19 pandemic, and the pay responds to the negative economic impact of COVID-19).

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<sup>B</sup> An eligible worker is a worker that is needed to "maintain continuity of operations of essential critical infrastructure sectors". State and local governments are considered essential critical infrastructure.

<sup>C</sup> Essential work involves either regular in person interactions with the public, co-workers, or patients, or regular physical handling of items handled by others. In addition, essential work cannot be performed via telework.

*AG Opinion 21-0107* provides that, "...providing premium pay to eligible workers who performed essential work during the COVID-19 public health emergency is one of the permitted uses under ARPA if it complies with the requirements set forth in ARPA and the Interim Final Rule..." These payments appear to be prohibited bonuses, as the City officials and some employees are either not eligible workers and/or the payments were not tied to actual work performed.

#### Unaccounted for ARPA Funds

Records also show that the City transferred \$400,000 from the ARPA bank account to the General Fund bank account on April 13, 2023. The City could not provide any documentation to support the purpose of the transfer or how these ARPA funds were to be used. As mentioned in the section above, the City's adopted budget for the year ending December 31, 2022, indicated that the ARPA funds received by the City were to be used for water/sewer improvements. However, since the City had not yet adopted a budget for the year ending December 31, 2023, and there was no documentation to support the transfer of funds, we could not verify if the ARPA funds were used in accordance with the Final Rule.

### **Recommendations**

We recommend the City consult with legal counsel to determine the appropriate actions to take, including the possibility of recovering improper compensation paid to City employees. In addition, we recommend that the City implement policies and procedures to ensure compliance with restrictions on the use of ARPA funds. Further, the City should clearly document the use of ARPA funds to demonstrate that the funds were used in accordance with their budgeted purpose.

### **City Did Not Comply with the Local Government Budget Act (LGBA)**

**The City may have violated state law<sup>7,8,9,10,11,12,13,14</sup> and the City Charter since it could not provide records to demonstrate that it properly adopted budgets in a timely manner for fiscal years ended December 31, 2023 and 2024.**

State law<sup>7</sup> requires each political subdivision, including villages, towns, and cities, to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. It specifies that an adopted budget constitutes the authority of the chief executive or administrative officers to incur liabilities and authorize expenditures.<sup>8</sup> State law also requires each political subdivision with a combined general fund and special revenue funds over \$500,000, such as the City of Bogalusa, to do the following when adopting a budget:

- (1) Include a budget message signed by the budget preparer, which consists of a summary description of the proposed financial plan, policies, objectives, assumptions, budgetary basis, and a discussion of the most important features.<sup>9</sup>
- (2) Include a statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.<sup>9</sup>
- (3) Accompany the budget with a proposed budget adoption instrument that defines the authority of the chief executive and administrative officers to make changes without approval of the board, as well as those powers reserved solely to the governing authority.<sup>10</sup>
- (4) Make the proposed budget available for public inspection no later than 15 days prior to the beginning of the fiscal year.<sup>11</sup>
- (5) Publish a notice in the official journal to inform the public the proposed budget is available for public inspection with the date, time, and place of the public hearing at least 10 days prior to the first public hearing.<sup>13</sup>
- (6) Complete all actions necessary to adopt, finalize, and implement the budget in open meeting before the end of the prior fiscal year.<sup>12</sup>
- (7) Certify completion of all actions required by publishing a notice in the official journal.<sup>14</sup>
- (8) Retain certified copies of the budget and adoption instrument (obligation of the chief executive or administrative officer).<sup>12</sup>

In addition, the City Charter requires the Mayor to submit a proposed operating budget to the Council 45 days before the beginning of the fiscal year. The City's fiscal year begins on January 1; therefore, based on the City Charter, the budget is due to the Council no later than November 17 of each preceding fiscal year.

We reviewed the City's budgetary records for fiscal years ended December 31, 2023 and December 31, 2024, and found that the City did not properly adopt a budget for the years ended December 31, 2023 and 2024, in a timely manner.



*Fiscal Year Ended December 31, 2023 (FY 2023)*

The City's October, November, and December 2022 minutes show that the City took no action to prepare, advertise, or adopt a budget for FY 2023. Former Mayor Perrette told us that she tried to pass a budget before leaving office at the end of FY 2022, but current Mayor Tyrin Truong, who took office on January 1, 2023, would not work with her administration because he wanted to prepare his own budget. The former Director of Administration (under former Mayor Perrette) told us that she did not prepare a budget for FY 2023 because she could not estimate the incoming administration's payroll expenses, and that she did not reach out to the incoming administration about preparing the budget. Records show that Mayor Truong submitted a budget to the Council on March 23, 2023. According to Council minutes, a budget was introduced by the Council on May 16, 2023, and an ordinance approving and adopting the budget was passed on June 8, 2023.

*Fiscal Year Ending December 31, 2024 (FY 2024)*

Although the City's Charter requires the proposed budget for FY 2024 to be submitted to the Council by November 17, 2023, it was not submitted until May 7, 2024, and was not adopted until June 18, 2024. The City's Controller, who was hired in October 2023 to assist in preparing a budget, told us that when he began the process he discovered numerous miscoded expenses, transfers that had not been posted to the accounting system, and revenues from FY 2022 that were posted in the wrong year (FY 2023). According to the Controller, these errors needed to be corrected before he could prepare the FY 2024 budget. By failing to adopt budgets in a timely manner, the City may have violated the LGBA and the City Charter.

### **Recommendations**

We recommend the City strictly comply with all provisions of the Local Government Budget Act and the City Charter. The City's annual budget should be adopted by ordinance before the beginning of each fiscal year (January 1), and the budget should contain all required information. All amendments to the budget are also required to be adopted by ordinance.

## Possible Violations of the City Charter

**During the course of our audit, we reviewed several actions taken by the City's Administration to ensure its compliance with the City's Charter. According to documentation available for these actions, we determined: (1) the Administration failed to submit contracts to the City Council (Council) for approval; (2) the Administration failed to obtain Council approval for director's salaries and its reorganization plan to hire new positions; and (3) commissions created by the Council were dissolved without Council action. In addition, we found that the City failed to reduce certain contracts (public works) to writing as required by state law and hired contractors who did not have the appropriate licenses required by state law.**

### Unapproved Contracts

The City Charter requires all contracts to be approved by the Council. Section 2-10 of the Charter states, in part, "An act of the council having the force of law shall be by ordinance. An act requiring an ordinance shall include but not be limited to those which: ... authorize any contract on behalf of the city." In addition, La. R.S. 38:2241 (A) requires that all public works contracts in excess of \$5,000 shall be reduced to writing and signed by all parties,<sup>15</sup> and that all public works contracts in excess of \$25,000 require a surety bond from the contractor in a sum not less than 50% of the contract price, which shall be recorded in the official mortgage records of the clerk of court.<sup>16</sup> During our audit, we reviewed several contracts and/or payments to vendors for professional services and public works that were not approved by the Council. In addition, some public works contracts in excess of \$5,000 were not reduced to writing and signed by all parties. These contracts/payments are described below.

### *Administrative Services Contracts*

Records show that the City entered into two different contracts for administrative services in January 2023 without the Council's approval. On January 11, 2023, Mayor Truong signed a contract with Deborah Foshee to temporarily serve as the City's Administrator and provide operational assistance to the City from January 4, 2023 to March 4, 2023, pending the appointment of a permanent City Administrator, at a total cost of \$15,000. Additionally, on January 20, 2023, Mayor Truong entered into a contract with Asecureo, Inc. to perform policy, compliance, and forensic reviews, at a total cost of \$42,000. The City could not provide evidence to show that the Council approved these contracts, meaning the City paid \$39,700 to these contractors on unapproved contracts.

City records show that the Council approved Ms. Foshee's contract on March 21, 2023; however, the approval occurred after the expiration of the original contract and appears to have been a two-month extension of the original contract. The City paid Ms. Foshee \$30,000 from March 30, 2023 to

May 17, 2023. Furthermore, Council minutes show that on February 23, 2023, the Council voted to table the motion to approve the Asecureo, Inc. contract. A review of subsequent Council minutes revealed that this contract was not reintroduced for a vote, and was not approved by the Council. Records show that the City issued payments totaling \$24,700 to Asecureo, Inc. from January 30, 2023 to May 11, 2023. Mayor Truong told us that upon taking office (January 1, 2023), he was not aware that all City contracts required Council approval, and that once he learned of the requirement the City began submitting all contracts to the Council for approval.

#### *Public Works and Other Services*

From June to December 2023, the City contracted with three vendors to perform small public works projects, including land clearing and street repairs, as well other services such as demolition, maintenance, and tree removal. Records show that the City issued payments totaling \$184,373 to these contractors (Big O Services and Products, LLC; Arthur Mingo, Jr.; and Rayfield Burris). A review of the documentation supporting these contracts/ payments showed that the City did not obtain Council approval for any of these projects, and that none of these contractors had an occupational license to do business within the City limits as required by the City Charter. In addition, these payments included four public works projects totaling \$101,450 that were not reduced to writing, as required by state law, two of which exceeded \$25,000 and required a surety bond. Finally, it appears that the City paid all three contractors to perform tree removal services, but none of the contractors had a valid arborist's license<sup>D</sup> and were prohibited from performing services such as tree removal.<sup>17</sup>

#### *Failure to Obtain Council Approval for Director Salaries and Reorganization Plan*

Section 4-01(B) of the City Charter provides that the salaries of the City Attorney and Directors of departments shall be set by the Mayor, subject to approval by the Council. In addition, Section 4-09 (A) of the City Charter allows the Mayor to reorganize or reallocate the function of City departments by presenting plans of the reorganization to the Council for approval. Upon taking office on January 1, 2023, and throughout 2023, Mayor Truong hired and set the salaries of his City Attorney and other department directors and created several Director-level positions without Council approval.

For example, prior to taking office, Mayor Truong offered to hire a Director of Administration, beginning in January 2023 at an annual salary of \$50,000. The Director of Administration began working at the City in January 2023, and her salary was increased to \$70,000 per year effective March 1, 2023. Minutes of the Council meetings from January to March 2023 do not reflect Council approval of the

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<sup>D</sup> We reviewed the Louisiana Department of Agriculture and Forestry's list of licensed arborists on October 9, 2023 and none of the three contractors were listed.

Director of Administration's initial starting salary (January) or her salary increase (March).

In addition, Mayor Truong appears to have reorganized City government by creating four new positions. These positions included a Director of Government Affairs and Economic Development, Director of Family and Children Success, Chief of Staff, and Comptroller. Although the Chief of Staff and Comptroller position does not include the word "Director" in their names, the duties of these positions required Director-level work. Salaries for these newly-created positions totaled \$190,000, and it does not appear that Mayor Truong obtained Council approval for the creation/reorganization of these positions or their salaries. The table below lists the position and corresponding salary amounts not approved by the Council.

<b>Position Title</b>	<b>Salary Amount</b>
Director of Government Affairs and Economic Development	\$50,000
Director of Children and Family Success	50,000
Chief of Staff	40,000
Comptroller	50,000
City Attorney	45,000
Director of Parks and Recreation	55,000
Director of Administration	70,000
<b>Total</b>	<b>\$360,000</b>

In an email, dated January 19, 2023, a member of the City Council asked Mayor Truong for the status of his reorganization plan and reminded the Mayor of Section 4-09 of the Charter by attaching a copy of that section to the email. In his response, Mayor Truong stated, in part, "the reorganization plan is still being worked on. Once we have a plan fit enough for review, I will share it with you." Based on this email, it appears the Mayor knew he was required to submit his reorganization plan to the Council for approval. Based on a review of Council minutes, we determined that the Mayor did not submit his plan of reorganization to the Council for approval in accordance with the City Charter. By failing to obtain Council approval for the salaries of the City Attorney and departmental Directors, as well as the approval for his reorganization plan of the City's Administration, Mayor Truong may have violated sections 4-01(B) and 4-09(A) of the City Charter.

#### Dissolution of Boards and Commissions

Section 7-09 of the City Charter speaks to Boards and Commissions. Based on our review of the City Charter, both the Mayor and the Council are authorized to appoint or create boards and commissions. Boards or commissions created by the Mayor are done so to advise him regarding the operations of City services or other activities. The City Charter refers to these boards and commissions as advisory boards and commissions. Section 7-09 (B) states, in part, "a member of an advisory board or commission shall serve at the pleasure of the mayor." The Charter does not provide that commissions created by the Council, by ordinance, serve at the pleasure of the Mayor.

City records show that Mayor Truong addressed a letter to the Chairman of the Bogalusa Parks, Recreation and Culture Commission (BPRCC) on January 4, 2023, stating that he would, "... like to disband all volunteer commission members from the Bogalusa Parks, Recreation and Culture Commission." On the same day, Mayor Truong addressed a letter to the Chairman of the Planning and Zoning Commission, informing her of his decision to remove all volunteer commission members from the Planning and Zoning Commission. Additionally, on August 11, 2023, the Director of the City's Parks and Recreation Department addressed a letter to the Chairman of the Christmas in the Park Commission (CIPC), which stated that on August 8, 2023, an open meeting was held, and at the conclusion of the meeting the Mayor opted to disband the Commission. We spoke with Mayor Truong, who told us that he was advised by the City Attorney that Section 7-09 of the City Charter indicates that all boards and commissions serve at the pleasure of the Mayor, and the City Charter trumps an ordinance; therefore, it was within his authority to dissolve the commissions.

Based on language in the City Charter, it appears that only advisory boards or advisory commissions created by the Mayor serve at his pleasure, thus giving him the authority to disband those boards or commissions. However, the City Charter does not authorize the Mayor to disband commissions created by Council ordinance. Members of those commissions are to be removed according to the language in their respective ordinance. According to City records both the BPRCC and the CIPC were created by Ordinance 1194 and Ordinance 1588, respectively, while the Planning and Zoning Commission was created in accordance with La. R.S. 33:101,<sup>18</sup> via section 2-151 of the City's Code of Ordinances (Code).<sup>E</sup> Based on the ordinances creating the BPRCC and CIPC, members of these commissions can only be removed by vote of the commission. While section 2-152 of the Code<sup>F</sup> allows for the Mayor to remove members from the Planning and Zoning Commission, he must first hold a public meeting to do so. Although the Mayor informed us he held a public meeting prior to disbanding members of the Planning and Zoning Commission, he was unable to provide us with documentation that the public meeting took place. By dissolving and removing members from these commissions, Mayor Truong may have violated the City Charter, City Code section 2-152, and City Ordinances 1194 and 1588.

During our review, we noted that the BPRCC and CIPC each maintained bank accounts in the City's name for the receipt and expenditure of funds related to local festivals and recreational programs (BPRCC), and the annual Christmas in the Park event (CIPC). These bank accounts were maintained by the chairperson of the respective commission. Upon the dissolution of these commissions, the City

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<sup>E</sup> There is not an ordinance creating the Planning and Zoning Commission. It is created in Section 2-151 of the "Bogalusa, LA Code of Ordinances," which states, in part, "there is hereby created a planning and zoning commission for the city with all the powers and duties as set forth in La. R.S. 33:101..."

<sup>F</sup> Bogalusa, LA Code of Ordinances Section 2-151 establishes the creation of the Planning and Zoning Commission. Bogalusa, LA Code of Ordinances Sections 2-152 speaks to appointment and removal of members of the Planning and Zoning Commission.

confiscated the BPRCC and CIPC bank accounts, removed the commission chairpersons as signors on the accounts, and added City personnel as authorized signers of the accounts.

We reviewed the bank statements for both the BPRCC and CIPC commissions. Bank records for the CIPC show the receipt and expenditure funds for the annual Christmas in the Park event. The BPRCC bank statements included revenues and expenditures of funds for recreational activities including the first Bogalusa Balloon Festival (Festival) held in August 2022. These records showed that the Festival generated revenue through sponsorships, vendor fees, and ticket sales. The following month, the proceeds from the Festival, totaling approximately \$19,000, were transferred to the Bogalusa Balloon Festival, a non-profit corporation established by the BPRCC chairperson on September 12, 2022.

The former BPRCC chairperson told us that BPRCC wanted to expand the Festival. She stated that commission members attended a grant writing workshop and learned that the Festival could obtain additional funding (grants) if it operated as a 501(c)(3) non-profit organization. After discussing the issue with the former Mayor and Director of Parks and Recreation, BPRCC voted to establish the Bogalusa Balloon Festival as a separate 501(c)(3) non-profit organization on September 8, 2022. Records show that the Bogalusa Balloon Festival established a separate bank account on September 20, 2022, and received \$19,000 from BPRCC on the same day. However, because the funds generated by BPRCC were public funds, the transfer of these funds to a non-profit organization may have violated the Louisiana Constitution, which prohibits the donation of public funds.

### **Recommendations**

We recommend that City management develop and implement detailed policies and procedures to ensure compliance with the City Charter and state law. These policies and procedures should provide guidance as to what actions (e.g., setting salaries, creating positions, contracting, etc.) require Council approval as well as the proper process for obtaining Council approval. In addition, we recommend that City management develop and implement detailed policies and procedures for procuring professional services and public works contracts to ensure compliance with the City Charter and state law. In addition, we recommend the City implement written policies and procedures to ensure that all expenditures comply with the Louisiana Constitution, which prohibits the donation of public funds. Funds should only be transferred to a non-profit under a cooperative endeavor agreement that clearly demonstrates how the City will receive equivalent value for the amounts transferred.

### **Possible Donation of City Funds**

**From January 2022 to September 2023, the City appears to have donated public funds totaling \$37,600 to at least five organizations without proper documentation and/or cooperative endeavor agreements to demonstrate the receipt of equivalent value for the amounts expended. During the same period, it appears that the City paid certain employees \$20,686 in overtime payments for hours not worked. Because the City cannot demonstrate the receipt of equivalent value for funds provided to other organizations or for overtime hours not worked, City management may have violated the Louisiana Constitution,<sup>2</sup> which prohibits the donation of public funds, and state law.<sup>3</sup>**

*AG Opinion 16-0022* states that for an expenditure or transfer of public funds to be permissible under Louisiana Constitution Article VII, Section 14(A), the public entity must have the legal authority to make the expenditure and must show: (i) a public purpose of the expenditure that comports with the governmental purpose for which the public entity has legal authority to pursue; (ii) that the public expenditure or transfer, taken as a whole, does not appear to be gratuitous; and (iii) that the public entity has demonstrable, objective and reasonable expectation of receiving at least equivalent value in exchange for the expenditure of public funds.

#### *Payments to Sporting and Other Organizations*

Records show that the City issued eight payments totaling \$37,600 to five different sporting/recreational organizations from August 2022 to July 2023. These payments included the following:

- \$20,600 – Bogalusa YMCA
- \$6,000 – Lionhead Fitness, LLC
- \$5,000 – Bogalusa Little League
- \$5,000 – Bogalusa Football League
- \$1,000 – Believe Performing Arts Experience

Although these expenses may comport with the governmental purpose for which the City has a legal authority to pursue (activities which promote recreation<sup>6</sup>), the City could not provide us with Cooperative Endeavor Agreements or other appropriate supporting documentation to show how the organizations spent these funds or who received the benefit of these funds. As such, the City could not demonstrate the receipt of equivalent value for the amounts expended.

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<sup>6</sup> According to the City's financial statements, the City maintains a special revenue fund to account for the proceeds and expenditures from a Youth Recreation and Parks Advalorem Tax.

We did find that the City contracted with one organization, Lionhead Fitness, LLC (Lionhead), with approval from the Council. According to the contract, dated July 12, 2023, the City desired to offer fitness sessions to its citizens as a community service initiative, and that Lionhead agreed to provide the fitness sessions free of charge as a community service to the citizens of Bogalusa twice a week. In return, the City would provide Lionhead access to Goodyear Park for the sessions, promote the free sessions to the citizens, assist in the maintenance of the facility, and any necessary logistics such as scheduling or signage. Although the contract indicates that Lionhead would provide fitness classes free of charge, bank records show that the City issued a check in the amount of \$6,000 to Lionhead's owner on July 14, 2023, only two days after the contract was signed. Lionhead's invoice, dated July 12, 2023, indicated payments for all sessions (services/classes) were due up front. The City could not provide any documentation to show that Lionhead provided any fitness classes.

Mayor Truong told us there was an error in the contract language indicating that the fitness services would be free. Mayor Truong stated that the language in the contract should have been worded to say it was free to citizens. Mayor Truong stated that in order to make fitness services available to the citizens for free, the City agreed to pay Lionhead \$6,000.

#### *Unearned Overtime Payments or "Contract Overtime"*

Payroll records show that the City paid overtime totaling \$20,686 to 20 administrative employees for hours not worked from January 2022 to September 2023. These overtime payments were made once a month on each employees' last payroll check and were considered "contract overtime". The overtime payments were calculated based on four hours of overtime and paid at the employees' time and a half rate. According to City officials, contract overtime payments were made in accordance with the Department of Public Works (DPW) Union Contract. The City has entered into an agreement (union contract) with Local Union No. 483 of the American Federation of State, County and Municipal Employees (AFL-CIO). In the union contract, the City recognizes AFL-CIO as the sole exclusive collective bargaining agent for the employees of DPW with respect to hours of labor, rates of pay, and working conditions.

We reviewed the 2022 and 2023 union contract and did not see any language pertaining to the payment of "contract overtime." It is unclear when the City began paying "contract overtime" or how it arrived at the monthly hours of contract overtime to be paid. However, it appears these overtime payments were not tied to actual work performed by employees, and therefore could be considered gratuitous unearned payments, which are prohibited by the Louisiana Constitution. By paying 20 employees \$20,686 in overtime payments, not tied to actual work performed, the City may have violated the Louisiana Constitution.



## Recommendations

We recommend that the City implement written policies and procedures to ensure that all expenditures comply with the Louisiana Constitution, which prohibits the donation of public funds. We further recommend that the City discontinue the practice of paying compensation to employees for hours not worked.

### Improper Leave Payouts

**Payroll records indicate the City issued 21 payouts for accumulated unused vacation and sick leave hours totaling \$368,132 between October 2022 and April 2024. According to both City policy and the DPW union contract, any unused vacation hours are to be paid to employees at the end of the calendar year or their next employment anniversary year. Based on payroll records, it appears the City allowed employees to carry over and accumulate unused vacation leave hours. As such, the City made 10 payments for accumulated vacation hours totaling \$212,075 in violation of its own vacation policy and the DPW union contract terms. In addition, it appears that the City issued sick leave payouts totaling \$12,751 to two employees while they were still employed. City policy only allows for payment of unused sick leave upon termination of employment.**

According to City officials, it has been the City's practice to pay employees for unused accumulated vacation and sick leave upon termination of employment. However, the City's vacation policy states that, "employees are not allowed to carryover any vacation into the next employment anniversary year," and that unused vacation hours will be paid to employees at the end of their employment anniversary year, upon termination, or upon retirement. In addition, the DPW union contract states that, "vacations are not accumulative and are not transferable." The DPW union contract stipulates that employees will receive pay in lieu of vacation in the event they are unable to schedule vacation time off, and that all vacations due in any year must be taken during that year. Although the DPW union contract does not clearly state that vacation hours are to be paid out at the end of the year, as does City policy, it makes it clear that all vacation hours are to be taken during the year and are not accumulative; therefore, it appears unused vacation hours are to be paid at the end of the year.

Records show the City allowed employees subject to the City's leave policy and the DPW union contract to carry forward and accumulate unused vacation leave for several years. As a result, we found that at least 10 employees received vacation payouts for 10,484 accumulated vacation hours totaling \$212,075 upon termination/retirement from October 2022 to April 2024. The three highest payouts are listed below:

- Employee 1 paid \$59,909 for 2,673 hours on October 14, 2022
- Employee 2 paid \$42,925 for 2,552 hours on February 3, 2023

- Employee 3 paid \$33,178 for 1,430 hours on October 28, 2022

By allowing employees to accumulate vacation hours in violation of City policy and the DPW union contract, the City paid for these hours, all at once, and at each employee's highest rate of pay.

In addition to the termination payouts mentioned above, we were told the City has been issuing payments to employees for unused sick leave prior to termination/retirement. Both the City's sick leave policy and DPW union contract allows for the payment of sick leave, but only up to a maximum of 160 hours and upon termination/retirement. We sampled payroll records for four current employees during calendar year 2023 and found the City paid two of the four employees for 240 and 320 hours of sick leave (each employee) totaling \$12,751. These records further showed that two of the four employees (including one employee who received payment for sick leave) also received payments for unused vacation hours, including \$4,793 for 224 hours more than their vacation leave balances.

### **Recommendations**

We recommend City management review and, if necessary, update its leave policies. In addition, the City should develop and implement written policies and procedures for payouts of unused and/or accumulated leave. These procedures should reflect the City policies for leave as well the policies provided for within the City's union contracts.

### **Flawed Request for Proposals Process**

**The City contracted with O&R Services and Supplies, LLC (O&R) to provide mosquito control services over a 12-week period beginning in July 2023. A review of the proposals obtained by the City shows O&R member Virgil Rayford, Jr. submitted another vendor's (Vendor 2) proposal to the City as O&R's own, but for a higher price. In addition, it appears Mr. Rayford submitted false documentation to the City, including a certificate of liability insurance and a licensing certification to demonstrate O&R's ability to perform the contract. Although O&R's proposal was nearly identical to Vendor 2's proposal, but with a higher price, the City scored O&R's proposal higher and awarded the contract to O&R. Further, the City paid \$6,088 to O&R for which no services were provided. By providing false documentation to the City and receiving payment for services not provided, Mr. Rayford may have violated state law.<sup>19,20</sup>**

The City does not have any written policies or procedures for procuring professional services. However, the City Charter requires an ordinance to authorize any City contract. The Council passed an ordinance that requires all requests for proposals (RFPs) to be submitted to the designated Council committee for opening and review by the Council, the purchasing agent, and any other City employee

(present) involved in the potential contract. Currently, the City also has an RFP committee, comprised of four administrative employees, that is responsible for reviewing and scoring proposals submitted to the City. According to the City's purchasing agent, the proposal with the highest score from the RFP committee becomes the winning proposal.

In June 2023, the City advertised an RFP for city-wide mosquito control services. The RFP identified the City purchasing agent as the contact person and required proposals to include a cover letter summarizing the ability to perform the services described and confirming the proposer's willingness to perform the services and enter into a contract with the City. In addition, proposers were required to complete and sign a price proposal form. Proposals would be evaluated on the following criteria:

- Background and Experience 0-15 Points
- Capacity to Perform 0-40 Points
- Price Proposal 0-45 Points.

City records show Vendor 2 submitted a proposal dated June 5, 2023, and that Mr. Rayford submitted a proposal on O&R's behalf dated June 7, 2023. A review of the proposals shows that each company provided the exact same information in regard to background and experience and capacity to perform. For example, each company's proposal indicated they had 15 years of experience and 45 active employees. Both also listed the same current clients and the same past clients. In response to their capacity to perform, both proposals indicated they would use "London Fogger truck mounted sprayers with synchroflow technology as well as 4-wheeler mounted foggers, handheld foggers, and both liquid and granular larvicide applications." The only difference between the two proposals was the price proposal form, for which Vendor 2 proposed to spray for \$.42 per acre, while O&R proposed \$.55 per acre.

According to City records, the four members of the RFP committee scored each proposal based on the above criteria. Although Vendor 2's price was lower and both proposals were nearly identical in terms of background, experience, and capacity to perform, each reviewer scored O&R's proposal higher. For example, one reviewer rated O&R's background and experience at 15 out of 15 and Vendor 2's at 5 out of 15, even though both listed the same information in their proposals. Overall, O&R's scores ranged between 75 and 88 (average score of 79.5) while Vendor 2's scores ranged between 60 and 84 (average score of 69.75).

Although it does not appear that the proposals were submitted to the designated Council committee for opening and review, the Council authorized an ordinance to enter into an agreement with O&R for mosquito abatement through October 1, 2023 (12 weeks of spraying twice per week at \$3,168 per spraying) on July 6, 2023. The City entered into a contract with O&R for mosquito control services on July 12, 2023, which Mr. Rayford signed on O&R's behalf. The contract required O&R to provide the City with proof of workers' compensation coverage,

employer's liability insurance, and chemical liability insurance. In addition, the contract required O&R to provide general liability insurance and business automobile liability insurance. Records provided by the City show that O&R provided the City with a certificate of liability insurance dated December 29, 2022, and a copy of a Louisiana Department of Agriculture and Forestry certification card issued to a commercial applicator.<sup>H</sup> On July 28, 2023, Mr. Rayford submitted an invoice to the City in the amount of \$6,088 for spraying the entire City for mosquitos twice per week.

During the public discussion portion of the August 15, 2023 Council meeting, Vendor 2 informed the Council that Mr. Rayford contacted her company, represented himself as a City employee, and requested that her company provide a mosquito control services proposal. She said Mr. Rayford later directed her company to start spraying in the City after he (Rayford) obtained City Council approval for the contract in July 2023. Vendor 2 further informed the City Council that her company had been spraying in Bogalusa for four weeks without being paid. City records show that Vendor 2's office manager sent an email to the City's Purchasing Agent on August 14, 2023, which explained that Mr. Rayford contacted their Mosquito Abatement Director and that the City Council did not want the mosquito control, but that the City did, so the City wanted to run it under his (Rayford's) Public Works Department. The email further explained that after Vendor 2 began spraying in Bogalusa, Mr. Rayford met with their technician each Thursday to gather information, such as GPS tracking, mileage, drivers' sheets, chemical logs, and zoning maps to be submitted with an invoice.

The owner of Vendor 2 told us Mr. Rayford called their office on May 31, 2023, and said he was the Director of Public Works for the City of Bogalusa. Mr. Rayford informed them that the City was seeking bids for their mosquito abatement RFP and asked Vendor 2 if they would submit a bid. After some discussion about the timing and number of applications to be sprayed, Mr. Rayford informed Vendor 2 to email their proposal to him. Text messages and emails provided by Vendor 2 show that Vendor 2 submitted their bid proposals to Mr. Rayford on both June 5 and June 6, 2023, with the differences between the two bids being the number and frequency of sprays per week. Additionally, text messages and emails show that Vendor 2, or its employees, provided Mr. Rayford with a copy of their technician's Louisiana Department of Agriculture & Forestry Commercial Applicator Certification Card and a copy of Vendor 2's certificate of liability insurance.

Based on records provided by Vendor 2, Mr. Rayford had possession of Vendor 2's bid proposals and their technician's certification card prior to submitting his proposal to the City. These records also show that Mr. Rayford had possession of Vendor 2's certificate of liability insurance prior to submitting O&R's certificate of liability insurance to the City. We reviewed the certificate of liability insurance provided to the City by Mr. Rayford on behalf of O&R and found the document to be falsified. We determined this by providing a copy of the certificate to the insurer, who informed us that they did not insure O&R. The insurer also informed us that

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<sup>H</sup> Records provided by Vendor 2 show that the certification card had been issued to their technician.

the document appeared to have been altered because the font used for the insured was not the font used by the insurer, and that the certificate number used on the document was invalid. The insurer further indicated that they did insure Vendor 2. Based on this information, it appears that Mr. Rayford altered Vendor 2's certificate of liability insurance and provided the document to the City to serve as proof of his liability insurance.

Records show that the City issued a check in the amount of \$6,088 to Mr. Rayford's company<sup>1</sup> on November 30, 2023, for mosquito abatement services. Neither Mayor Truong nor the City's purchasing agent could explain why the City issued the check more than three months after the Council was informed that Mr. Rayford's company did not perform any services. In addition, we interviewed members of the RFP Committee to determine why they did not choose the proposal with the lowest price when all other criteria within the two proposals was the same. The committee members provided the following factors that contributed to the scoring of the two proposals:

- There were no written policies or procedures in place for the RFP Committee;
- Members did not fully read each proposal package in its entirety. For example, one member informed us that they scored O&R higher than Vendor 2 in reference to price, even though O&R's price per acre was higher. This member stated that although Vendor 2's price per acre was lower, he believed that since Vendor 2 was not a local company, Vendor 2 would have charged the City for mileage to and from their location, thus increasing the price. However, a review of Vendor 2's proposal indicates that the price included, "all chemical and fuel expenses;"
- Members were provided proposal packets separately, rather than in a committee meeting; and
- There was no committee meeting in which all bid proposals were opened, read aloud, and discussed at the same time. Some members informed us that they opened and read each proposal packet days apart, rather than reading and comparing them simultaneously.

We attempted to speak with Mr. Rayford on several occasions, but he did not return our calls.

### **Recommendations**

We recommend the City seek legal advice to determine the appropriate legal actions to be taken, including recovering funds paid to Mr. Rayford's company. City

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<sup>1</sup> Although the City contracted with O&R for mosquito control services in July 2023, Mr. Rayford requested that the City issue payments for the services to another company, Big O Services and Supplies, LLC.

management should also develop and implement detailed policies and procedures that provide guidance for the proper procurement and monitoring of professional service contracts to ensure that the City receives equivalent services for the amounts expended and should, at a minimum:

- (1) Ensure that proposals are adequately reviewed by appropriate personnel, in a timely manner, and in compliance with City ordinances;
- (2) Require Council approval for all contracts in accordance with the City Charter;
- (3) Ensure that vendors and professional service providers have valid, written contracts prior to providing services;
- (4) Ensure that contractors and subcontractors are properly licensed in the state of Louisiana to perform the services they are contracted to perform;
- (5) Design and implement procedures requiring appropriate personnel to properly monitor professional services contracts to ensure services meet all contractual requirements prior to payment;
- (6) Ensure that contracts and related documentation are maintained in an organized manner and in a central location;
- (7) Ensure that all payments are made in accordance with the terms and conditions of the contract;
- (8) Require proper review of invoices to ensure each payment has a legitimate public purpose as required by the Louisiana Constitution; and
- (9) Require detailed invoices and documentation of the business purpose for all expenditures.

### **Retirement Contributions**

**For fiscal year ending December 31, 2023, the City failed to remit retirement contributions to the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS) in a timely manner. By failing to remit retirement contributions in a timely manner, the City was subjected to additional interest payments totaling \$6,232.**

La. R.S. 11:2214(A)(2)(a) requires that all full-time municipal police department employees engaged in law enforcement activities participate in MPERS. In addition, FRS law requires full-time firefighters employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana to participate in FRS. Each retirement system sets the contribution rates to be paid by

the employer and the employee. Each month, the City is required to report all participating employees and their wages, as well as the amounts that are being contributed by the employer and the employee for each retirement system. La. R.S. 11:281(B)(1) provides that delinquent payments to statewide retirement systems, including MPERS and FRS, shall include interest to be paid to the retirement system at the rate of legal interest computed from the date the payment became delinquent.

During our audit, we were informed that the City failed to remit retirement contributions in a timely manner to MPERS and FRS during 2023. Both MPERS and FRS issued letters to the City in December 2023 informing the City that it was delinquent on employer and employee contributions for multiple months: October and November 2023 for MPERS; and June, August, September, October, and November 2023 for FRS. Records show that the City remitted all delinquent contributions to MPERS on December 18, 2023, and paid all delinquent contributions to FRS on January 4, 2024. In addition, we found that the City's MPERS contributions for March, April, June, and September 2023 were paid after becoming delinquent by as much as 60 days. By failing to remit retirement contributions to MPERS and FRS in a timely manner, the City was subjected to additional interest payments totaling \$6,232.

### **Recommendations**

We recommend that the City adopt and implement detailed written policies and procedures to ensure that employee and employer retirement contributions are remitted to MPERS and FRS in a timely manner and in accordance with state law.

### **City Failed to Produce Records in Possible Violation of State Law**

**Records from the 22<sup>nd</sup> Judicial District Court (Court) show that the City failed to respond to a vendor's request to inspect public records in possible violation of state law. In response, the vendor sued the City in March 2023 and obtained a judgment against the City for violating the Public Records Law (La. R.S. 44:31, et. seq.). By failing to provide access to public records, City employees and officials appear to have violated the Public Records Law and subjected the City to attorney's fees, court costs, and penalties totaling \$4,038.**

State law<sup>21</sup> provides that it is the responsibility and duty of a custodian of records and his employees to provide access to public records and that any person of majority may inspect, copy, or reproduce any public record that is subject to public inspection. According to Court documents, on March 6, 2023, a City vendor appeared in person at City Hall asking to inspect proposals previously submitted to the City for a services contract. The City denied the vendor access to the records. The vendor made a second request for public records through his attorney on March 21, 2023, at which time the City required a specific form be used in order to

request the documents. The vendor's attorney faxed the request to the City; however, the City again failed to provide the requested records.

Because the City failed to provide access to public records, the vendor's attorney petitioned the Court to compel the City to produce the requested records. After a hearing on the matter, the Court determined that Mayor Truong and the City "failed to follow the requirements of the Public Records statutes and that they acted unreasonably in this matter." The Court further cast judgment for plaintiff's (vendor's) attorney fees in the amount of \$2,500, court costs of \$1,038, and penalties in the amount of \$500. By failing to provide access to public records, City employees and officials appear to have violated the Public Records Law and subjected the City to attorney's fees, court costs, and penalties totaling \$4,038. Records provided by the vendor's attorney indicate that Mayor Truong issued a cashier's check to the vendor to pay the attorney's fees, court costs, and penalties on December 12, 2023.

### **Recommendations**

We recommend that the City consult with its legal counsel to ensure compliance with the state's Public Records Law. The City should also adopt detailed policies and procedures to ensure compliance.

#### **Misclassification of City Workers as Independent Contractors**

**During our review of City records, it was observed that several City workers may have been classified as independent contractors despite not meeting the Internal Revenue Service's (IRS) guidelines for such classification. The misclassification of city workers as independent contractors has implications on the City's payroll tax withholdings and workers' compensation premiums, which may lead to additional premiums, penalties, and interest charges.**

Upon reviewing the IRS criteria for classifying workers as independent contractors, it appears that many City workers currently classified as such do not meet the necessary criteria. Specifically, these workers appear to be subject to the City's control and direction regarding the performance of their duties, as well as their scheduled work hours, which suggest an employer-employee relationship rather than that of an independent contractor. Based on City records, it appears that from January 1, 2023 to January 26, 2024, the City may have misclassified 54 workers as independent contractors and paid them a total of \$155,668 that was not subject to payroll tax withholdings or workers' compensation premiums.

For example, the City offered a youth work program called Youth Corp. from June 20 to July 21, 2023. Records show that the City paid Youth Corp. participants a total of \$46,687 as independent contractors and issued them IRS form 1099s at the end of the year. According to the Director of Parks and Recreation, participants performed job tasks such as cleaning and painting Cassidy Park's teen center,



cleaning graveyards, repainting and cleaning park equipment, and picking up trash around the City. The Director further stated that the City provided all materials and supplies needed to complete these job tasks. In addition to providing the materials, the City purchased two buses that were used to transport participants from job site to job site around the City. The Director further stated that the participants' work schedules were set by City staff. Although the City classified and paid participants as independent contractors, it appears the City had control over their work schedules and supplied them with materials and transportation, thus creating a relationship of employer-employee rather than that of an independent contractor.

### **Recommendation**

We recommend that the City develop written policies to ensure compliance with IRS regulations and that individuals who provide services for the City are properly classified as either employees or independent contractors.

### **Delinquent Utility Accounts**

**The City does not have adequate written policies and procedures regarding unpaid utility accounts. As of October 11, 2023, active/inactive utility customer balances greater than 30 days past-due totaled \$2,098,909. Currently, it appears that the only measure the City takes against customers with past-due accounts is to disconnect utilities after 60 days.**

Records show that the City entered into a collection services contract with a third-party in February 2022. According to the contract, the City agreed to periodically refer delinquent accounts to the third-party for collection. However, both the City Clerk and the City Compliance Officer told us that the City has not referred any past due accounts to the third-party collection agency. By failing to collect on past-due utility accounts, the City may have violated the Louisiana Constitution<sup>2</sup> and state law.<sup>3</sup>

### **Recommendations**

We recommend that management develop and implement policies and procedures to establish an effective financial management system over the City's utility system. Management should consider ways to collect on delinquent accounts, including referring past-due accounts to its third-party collection agency. In addition, management should ensure that utility services are disconnected in accordance with the City's written policies and procedures.

### **City Vehicle Not Marked in Accordance with State Law**

**Louisiana law<sup>22</sup> requires any vehicle belonging to the state or any of its political subdivisions to bear a Louisiana public license plate, and that each vehicle must also have a logo that is inscribed, painted, decaled, or stenciled conspicuously on it, bearing the name of the agency. In addition, La. R.S. 49:121(D) provides that the individual whose responsibility it is to place the purchasing order for any vehicle shall be responsible for seeing that the agency name is placed thereon within 10 days after the delivery of such vehicle.<sup>23</sup>**

On January 30, 2023, Mayor Truong, acting on the City's behalf, entered into a five-year (60-month) lease contract for a 2023 Chevrolet Tahoe with Enterprise Fleet Management for a monthly lease payment of \$1,218. In November 2023, we observed Mayor Truong's City-supplied vehicle and noted there were no decals or other identification on it that displayed the City's name. Mayor Truong told us he was not aware the law required his City-issued vehicle to bear identification that displayed the City's name. By leasing a vehicle and failing to mark that vehicle with the City's name, Mayor Truong may have violated state law.<sup>22,23</sup>

### **Recommendation**

We recommend that the City implement written policies and procedures to ensure that all City vehicles are marked in accordance with state law.

### **Ethics – Assistance to Certain Persons After Termination of Public Service**

**La. R.S. 42:1121(B)(1)<sup>24</sup> states, in part, that "No former public employee shall...for a period of two years following termination of his public employment, render, any service which such former public employee had rendered to the agency during the term of his public employment on a contractual basis, regardless of the parties to the contract, to, for, or on behalf of the agency with which he was formerly employed." City records show that former Treatment Plant Manager Don Jones retired from the DPW effective October 7, 2022. These records further show that Mr. Jones began working for the City as a treatment plant consultant on a contract basis at the rate of \$30 per hour on October 10, 2022. The City increased Mr. Jones' rate of pay to \$34 per hour on October 31, 2022.**

City personnel told us that, as the treatment plant consultant, Mr. Jones performs the same tasks he performed as the Treatment Plant Manager prior to his retirement. City personnel also told us that the Department of Environmental Quality required individuals performing certain routine tasks at the water treatment plant to be certified, and that Mr. Jones was hired as a consultant because he is the only person within the City certified to perform those tasks. Because Mr. Jones contracted with the City within two years of separating from the City to perform the same services he performed as a City employee, he may have violated the state's

ethics laws. However, whether or not a violation of the state's ethics laws occurred is limited to a particular set of circumstances. We suggest that the Louisiana Board of Ethics review this information and take appropriate legal action.

### **Recommendations**

We recommend that the City consult with its legal counsel and the Louisiana Board of Ethics to ensure compliance with the state's ethics laws regarding transactions between the City and its former employees. The City should also adopt detailed policies and procedures requiring all employees to complete the annual ethics training in accordance with La. R.S. 42:1170.

### **Noncompliance with Fiscal Review Plan**

**In May 2019, the 22<sup>nd</sup> Judicial District Court accepted the recommendation of the Louisiana Fiscal Review Committee and placed the City under the guidance of a Fiscal Administrator. The Fiscal Administrator oversaw the fiscal affairs of the City until June 2021, at which time the control of the City's fiscal affairs was returned to the Mayor and Council. In accordance with La. R.S. 39:1352(B),<sup>25</sup> the Fiscal Administrator submitted a final report and three-year plan for the City to follow in order to maintain fiscal stability. The three-year plan was approved by the Fiscal Review Committee in July 2021, and included "general actions required to improve fiscal stability" as well as "other matters to consider."**

According to the Fiscal Administrator's three-year plan, general actions required to improve fiscal stability included:

- Adopt an ordinance creating a \$2,000,000 stabilization fund and policy to eliminate the need for annual tax anticipation borrowing;
- Hold an election to rededicate/redirect of the current landfill 5-mill ad valorem tax to be available for general purposes;
- Hold an election in 2022 to rededicate ad valorem and sales tax from the Utility System to the General Fund; and
- Develop a plan for expending federal grants related to the American Rescue Plan with the focus of the plan to be on capital improvements to the sewer and water system and potential broadband improvements.

We met with Mayor Truong and the former Director of Administration to determine the City's compliance with the Fiscal Administrator's three-year plan. According to Mayor Truong, the City has not created a \$2,000,000 stabilization fund, nor does it have a written plan in place for spending ARPA funds. We did find

that elections were held in November 2021 (5-mill ad valorem tax) and May 2022 (rededicate ad valorem and sales taxes).

In addition, the Fiscal Administrator's three-year plan provided "other matters to consider" or recommendations that the City should implement going forward. These recommendations included:

- Allowing attrition and retirement of employees to reduce payroll costs;
- Implement a street overlay program;
- Consider a cooperative endeavor agreement (CEA) with the Washington Parish parish-wide Communication Center to consolidate dispatching operations parish-wide for the Fire and Police departments;
- Consider consolidating the three operating fire stations into two locations to assist in reducing the need for overtime;
- Update the Public Works equipment by purchasing equipment, through the Capital Projects Special Revenue Fund, such as a boom mower, crane truck, dump truck, three half-ton trucks, towable wood chipper, three trash pumps with 3-inch hose and lift, and three 3-inch trash pumps; budget deficits should be eliminated in the 2022 Budget by reducing noncontract overtime by 50%; and,
- Promote efficiency through the implementation of an electronic work order system; the implementation of an electronic timekeeping system for all public works personnel; and hiring an Assistant Director of Public Works to be in charge of scheduling, work orders, and public works overtime.

City records show that although some employees have retired and attrition has occurred, payroll costs have not been reduced due to newly-created administrative positions including Chief of Staff, Deputy Chief of Staff, Director of Children and Family Success, Comptroller, Compliance Officer, and Director of Government Affairs/Economic Development. Further, Mayor Truong informed us that a street overlay program has not been implemented, and that no major changes, upgrades, or efficiencies have been achieved within the Public Works Department. We also spoke with the City Fire Chief, who stated that the decision was made not to consolidate fire stations since the department's overtime was due to staff shortages; therefore, the consolidation would do nothing to help reduce overtime. He stated that all of the fire stations are strategically placed within the City to reduce response time, which is critical to the department's overall rating. The City Fire Chief also stated that there were discussions to enter into a CEA with the Washington Parish Communication Center, but logistical issues have prevented an agreement. He added that the City is currently attempting to reopen discussions with the Washington Parish Communication Center.

### **Recommendations**

Based on our review, it does not appear that the City has fully complied with the requirements and recommendations of the three-year plan approved by the Fiscal Review Committee in July 2021. We recommend that management review the three-year plan and develop a written plan to address and implement all the requirements and recommendations within the three-year plan.



# LEGAL PROVISIONS

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<sup>1</sup> **Louisiana Revised Statute (La. R.S.) 24:513(5)(a)(i)** states, in part, "In lieu of examinations of the records and accounts of any office subject to audit or review by the legislative auditor, the legislative auditor may, at his discretion, accept an audit or review report prepared by a licensed certified public accountant...Such audits shall be completed within six months of the close of the entity's fiscal year."

<sup>2</sup> **Louisiana Constitution Article VII, Section 14(A)** provides, in part, "Prohibited Uses. 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."

<sup>3</sup> **La. R.S. 42:1461(A)** states, "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity", which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

<sup>4</sup> **La. R.S. 39:1305(A)** states, "Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund."

<sup>5</sup> **La. R.S. 39:1311(C)** states, "The adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year."

<sup>6</sup> **La. R.S. 39:13110(A)** states, "When the governing authority has received notification pursuant to R.S. 39:1311, or there has been a change in operations upon which the original adopted budget was developed, the governing authority shall adopt a budget amendment in an open meeting to reflect such change. When an independently elected parish official has received notification pursuant to R.S. 39:1311(A), or when there has been a change in operations upon which the original adopted budget was developed, the independently elected official shall adopt a budget amendment and publish such amendment in the official journal as described by R.S. 39:1307(B). In no event shall a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year."

<sup>7</sup> **La. R.S. 39:1305(A)** states, "Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund."

<sup>8</sup> **La. R.S. 39:1311(C)** states, "The adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year."

<sup>9</sup> **La. R.S. 39:1305 (C)** states, in part, "The budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following: (1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most

important features. (2)(a) A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements shall also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information..."

<sup>10</sup> **La. R.S. 39:1305(D)** states, "A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget. The budget adoption instrument for any municipality, parish, school board, or special district shall be an appropriation ordinance, adoption resolution, or other legal instrument necessary to adopt and implement the budget document. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority."

<sup>11</sup> **La. R.S. 39:1306(A)** states, in part, "The proposed budget for political subdivisions with a governing authority including municipalities, parishes, school boards, and special districts shall be completed and submitted to the governing authority of that political subdivision and made available for public inspection as provided for in R.S. 39:1308 no later than fifteen days prior to the beginning of each fiscal year..."

<sup>12</sup> **La. R.S. 39:1309** states, in part, "(A) All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in open meeting and completed before the end of the prior fiscal year...(D) Upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer..."

<sup>13</sup> **La. R.S. 39:1307(B)** states, "Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing. Where applicable, publication shall be in the official journal of the political subdivision. Where there is no requirement that the political subdivision have an official journal, publication shall be in the official journal of the governing authority of the parish in which the political subdivision is located. In cases where the political subdivision is located within the boundaries of more than one parish, publication shall be in the official journal of the governing authority of each parish."

<sup>14</sup> **La. R.S. 39:1307(D)** states, "The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing."

<sup>15</sup> **La. R.S. 38:2241(A)(1)** states, in part, "Whenever a public entity enters into a contract in excess of five thousand dollars for the construction, alteration, or repair of any public works, the official representative of the public entity shall reduce the contract to writing and have it signed by the parties..."

<sup>16</sup> **La. R.S. 38:2241(A)(2)** states, in part, "For each contract in excess of twenty-five thousand dollars per project, the public entity shall require of the contract a bond with good, solvent, and sufficient surety in a sum of not less than fifty percent of the contract price for the payment by the



contractor of subcontractor to claimants as defined in R.S. 38:2242 ... The bond shall be executed by the contractor with surety or sureties approved by the public entity and shall be recorded with the contract in the office of the recorder of mortgages in the parish where the work is to be done not later than thirty days after the work has begun."

<sup>17</sup> **La. R.S. 3:3808(A)(1)** states, "A person who presents himself as, or advertises as, engaging in the arborist profession shall be required to obtain a license which shall subject that person to the following provisions: (1) An arborist's license authorizes the holder thereof to recommend or execute the following measures: (a) The removal of a tree or a portion of a tree. (b) Measures to prolong the life of a tree. (c) Measures to enhance the aesthetic value of a tree."

<sup>18</sup> **La. R.S. 33:101(3)** states, "Planning commissions" means an official planning commission appointed in accordance with the provisions of this Subpart. It shall denote either a parish planning commission, or a municipal planning commission, as the case may be. The term "parish or municipality as the case may be", when appropriate to the context, relates to the respective jurisdictions or functions of a parish planning commission with regard to the parish for which it is established and of a municipal planning commission with regard to the municipality for which it is established; or, when appropriate to the context, relates to the rights and remedies which the respective parish or municipality may exercise to enforce the provisions of this Subpart."

<sup>19</sup> **La. R.S. 14:67(A)**, states, "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. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential."

<sup>20</sup> **La. R.S. 14:133(A)** states, "Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact."

<sup>21</sup> **La. R.S. 44:31** states, "A. Providing access to public records is a responsibility and duty of the appointive or elective office of a custodian and his employees. B. (1) Except as otherwise provided in this Chapter or as otherwise specifically provided by law, and in accordance with the provisions of this Chapter, any person of the age of majority may inspect, copy, or reproduce any public record. (2) Except as otherwise provided in this Chapter or as otherwise specifically provided by law, and in accordance with the provisions of this Chapter, any person may obtain a copy or reproduction of any public record. (3) The burden of proving that a public record is not subject to inspection, copying, or reproduction shall rest with the custodian."

**La. R.S. 44:32(A)(1)** states, "The custodian shall present any public record to any person of the age of majority who so requests. The custodian shall make no inquiry of any person who applies for a public record, except an inquiry as to the age and identification of the person and may require the person to sign a register and shall not review, examine, or scrutinize any copy, photograph, or memoranda in the possession of any such person; and shall extend to the person all reasonable comfort and facility for the full exercise of the right granted by this Chapter; provided that nothing herein contained shall prevent the custodian from maintaining such vigilance as is required to prevent alteration of any record while it is being examined; and provided further, that examinations of records under the authority of this Section must be conducted during regular office or working hours, unless the custodian shall authorize examination of records in other than regular office or working hours. In this event the persons designated to represent the custodian during such examination shall be entitled to reasonable compensation to be paid to them by the public body having custody of such record, out of funds provided in advance by the person examining such record in other than regular office or working hours. The custodian shall be permitted to make an inquiry regarding the specificity of the records sought by the applicant if, after review of the initial request, the custodian is unable to ascertain what records are being requested."

**La. R.S. 44:35(A)** states, "Any person who has been denied the right to inspect, copy, reproduce, or obtain a copy or reproduction of a record under the provisions of this Chapter, either by a

determination of the custodian or by the passage of five days, exclusive of Saturdays, Sundays, and legal public holidays, from the date of his in-person, written, or electronic request without receiving a determination in writing by the custodian or an estimate of the time reasonably necessary for collection, segregation, redaction, examination, or review of a records request, may institute proceedings for the issuance of a writ of mandamus, injunctive or declaratory relief, together with attorney fees, costs and damages as provided for by this Section, in the district court for the parish in which the office of the custodian is located."

<sup>22</sup> **La. R.S. 49:121(A)(1)** states, "Every boat, watercraft, aircraft, automobile, truck, or other vehicle belonging to the state or to any of its political subdivisions, or to any department, board, commission, or agency of any of its political subdivisions shall, if required by law to bear a Louisiana license plate, bear a public license plate, and each such vehicle also shall have inscribed, painted, decaled, or stenciled conspicuously thereon, either with letters not less than two inches in height and not less than one-quarter inch in width or with an insignia containing not less than one hundred forty-four square inches, or if circular, not less than eight inches in diameter, the name of the board, commission, department, agency, or subdivision of the state to which the boat, watercraft, aircraft, automobile, truck, or other vehicle belongs, such as "Louisiana Department of Highways", or "Louisiana Conservation Commission", or "School Board-East Baton Rouge", or "Sheriff-East Baton Rouge", or "City of Baton Rouge"; however, recognized and approved abbreviations such as "La.", "Dept.", "Com.", "Bd.", and the like, may be used."

<sup>23</sup> **La. R.S. 49:121(D)** states, "The individual whose responsibility it is to place the purchase order for any vehicle or water craft as provided by this Section shall be personally responsible for seeing that the agency name is placed thereon as required by this Section and shall do so within ten days after the delivery of such vehicle or water craft is receipted for and prior to delivery of such vehicle to the person or agency for whom the purchase was made."

<sup>24</sup> **La. R.S. 42:1121(B)(1)** states, "General rule for other public employees. No former public employee shall, for a period of two years following the termination of his public employment, assist another person, for compensation, in a transaction, or in an appearance in connection with a transaction in which such former public employee participated at any time during his public employment and involving the governmental entity by which he was formerly employed, or for a period of two years following termination of his public employment, render, any service which such former public employee had rendered to the agency during the term of his public employment on a contractual basis, regardless of the parties to the contract, to, for, or on behalf of the agency with which he was formerly employed."

<sup>25</sup> **La. R.S. 39:1352(B)(1)** states, "After his initial investigation, the fiscal administrator shall file a written report with the court, the governing authority of the political subdivision, the state treasurer, the attorney general, and the legislative auditor. This report shall be updated on at least a quarterly basis during the term of fiscal administration."

## **APPENDIX A**

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Management's Response





## CITY OF BOGALUSA

Administrative Offices • Post Office Drawer 1179 • Bogalusa, LA 70429-1179  
Phone: 985-732-6200 • Fax: 985-732-6245 • www.bogalusa.org

June 26, 2024

Dear Mr. Waguespack,

Thank you to your staff for taking the time to visit City Hall to review the draft of your investigative audit report on the City of Bogalusa. We genuinely appreciate your assistance and look forward to collaborating with you further.

For your review, I have included a letter sent to your office on February 23, 2023, titled: Notification pursuant to Louisiana Revised Statute 24:523. In that letter, we noted four areas of concern that we felt might involve the misappropriation of public funds or assets by the previous administration. Although we did not receive a formal response to this correspondence, many of the issues outlined in your draft investigative report align with our concerns. After sending that letter, we were advised by your office that the City of Bogalusa had been under the management of a Fiscal Administrator from May 2019 until June 2021 and a three-year plan for the city was adopted in July 2021. As there was no formal transition from Mayor Perrette's Administration to mine in the fall of 2022, my incoming Administration had no knowledge of the plan or the status of City's compliance. As noted in your report, Mayor Perrette had not complied with several of the recommendations in that plan. The actions of Mayor Perrette's Administration prior to leaving office significantly compromised the seamless and accurate financial and operational management of the City of Bogalusa. In addition, the previous Mayor and Council bear responsibility for non-compliance with the Louisiana Government Budget Act, specifically in 2022, prior to my inauguration.

We will correct the previous administration's deficiencies; however, we will not accept responsibility for their causation. The goal of my Administration is to adhere to the best operational and fiscal practices, in compliance with Louisiana State Statutes and the City of Bogalusa Charter. Continuous improvement and transparency is our goal. In that spirit, approximately 40% of our office staff have taken advantage of the Center for Local Government Excellence workshops sponsored by your office. We have revised many of the policies and procedures mentioned in your report and continue to improve our efficiency and effectiveness. We have responded to each of the findings and recommendations in grid form (attached). Again, thank you for your guidance in these matters. We look forward to discussing this with you in person at your earliest convenience.

Respectfully submitted,

Tyrin Z. Truong  
Mayor of Bogalusa

# Timeline

Date	Correspondence and Department	Parties Involved	Discussion and Outcome
12.2022	See letter from Mayor Truong dated 2.2023 (attached)	Former Mayor Wendy O'Quin Perrette and previous administration	Mayor Truong brought this situation to the LLA's attention in February 2023, upon taking office. We agree with this finding and will seek legal advice as to a recovery plan. Policies and Procedures are in place to properly account for ARPA funds. The current Administration sought guidance on the \$400,000 transfer and was advised that revenue replacement is an acceptable use according to the United States Treasury's Final Rule.
12.2022-6.2023	See letter from Mayor Truong dated 2.2023 (attached)	Former Mayor Wendy O'Quin Perrette, previous Administration and City Council	This Administration does not agree with the comments from interview with the previous Mayor, Administration and City Council. Mayor Truong did not take office until January 2023, well after the deadline to have the 2023 Annual Budget adopted in the fall of 2022. In addition, as mentioned in his letter dated 2.2023, financial records were destroyed, computer files and emails were erased and unrecoverable. Several key administrative and financial staff with institutional knowledge resigned in 2022. The current Mayor submitted a budget in March 2023 which was introduced in May 2023 and was adopted in June 2023. The City Council did not take timely actions.
5.2024	See letter from Mayor Truong dated 2.2023 (attached)	Mayor Truong and current City Council.	The Mayor submitted a 2024 budget to the City Council in March 2024. The Comptroller, hired in October 2023, struggled to correct financial errors from previous administration and was challenged to prepare a timely, but accurate budget for the Council's consideration. The city was operating under RS 39:1312
3.2023	Budget	Mayor Truong and current City Council.	The current Mayor submitted the 2023 budget in March 2023 as the previous administration and council had failed to comply with the LGBA. Included in his comprehensive budget was a detailed personnel allotment fund and new organizational chart. It is the opinion of the Mayor and his Administration that this detailed budget comports with the Council approving all salaries and the reorganization of the City Administration.
2.2023	City Contracts	Mayor Truong and current City Council	The Mayor was unaware that all contracts are to be approved by the city council. The purchasing department initially used LLA's procurement flowcharts and guidance from neighboring municipalities. Administration was unable to find this provision in the City of Bogalusa's Municode, as it has not been updated since 2018 nor is it available in printed form. In addition, this provision seems to be in conflict with the RS 39:1305 (D). The Administration has worked with the auditors to develop policies and procedures for procuring professional services and public works contracts. Since learning of this requirement, all contracts over \$5,000 have <del>been accepted to Council for approval</del>
2.2022 - 1.2023	Boards and Commissions	Former Mayor Wendy O'Quin Perrette, Mayor Truong and City Council	The Administration will create policies and procedures for revising and reorganizing all City Committees. The City Charter states that all commission members "serve at the pleasure of the Mayor" and the Charter supercedes ordinances.
1.2022-9.2023	Non Profits and Unapproved Overtime Payments	Former Mayor Wendy O'Quin Perrette, Mayor Truong, former and current City Council	The Administration will implement policies and procedures that address CEAS with Non Profits that comport with Louisiana Revised Statutes and will discontinue payment to employees of "contract overtime" which does not appear to be a contractual obligation. The new Administration was unaware they could not financially support youth nonprofits due to it being customary past pattern and practice. Regarding Lion Head Fitness, recordings of the council meeting shows that the City Council amended the clerical error and passed a motion updating the amount to \$6,000. The Council Secretary failed to update the language in the final contract that was signed.

Improper Use of ARPA Funds- Employee Bonus

Non Compliance with Louisiana Budget Act

Possible Violation of the City Charter

Possible Donation of City Funds

10.2022-4.2024	Improper Leave Payouts	Former Mayor Wendy O'Quin Perrette, Mayor Truong and City Council	The Administration will revise leave accumulations and payout policies. The 22nd JDC ruled in favor of a former employee, granting a leave payout, based on past pattern and practice. We will seek additional legal guidance.
6.2023	Improper Request for Proposal Process	Mayor Truong	The Administration has revised procurement processes. In addition, we will seek legal advice on action to recoup public funds. The City will also take legal action against Mr. Rayford.
12.23	Untimely payments	Mayor Truong	The Administration has developed detailed policies and procedures to ensure proper retirement contributions are remitted timely to appropriate retirement systems.
3.23	Public Records	Mayor Truong and City Council	The City hired a Public Records Custodian and revised procedures with assistance from the City Attorney. However, to be clear, the City did not pay the fines and fees. The Mayor personally paid the court fees and fines in the amount of \$4,650.14.
6.23	Summer Workers	Mayor Truong and City Council	Due to the unique nature of summer workers, the Mayor and Administration was advised that they could be classified as contract employees. The Administration has revised policies and procedures to properly report all permanent and seasonal workers.
10.2022-10.2023	A/R/Delinquent Policies	Former Mayor Wendy O'Quin Perrette, Mayor Truong, former and current City Council	The Administration has addressed the accounts receivable issue. Written policies and procedures are in place and all residents receiving these services have been notified.
1.2023	City Vehicle Not Marked	Former Mayor Wendy O'Quin, Mayor Truong, City Council	None of the elected officials in Washington Parish have marked vehicles. The Mayor has been advised not to mark his due to several personal, documented threats. Under this lease, the vehicle is not owned by the City. We will take under legal advisement.
10.2022 - 3.2024	Former Sewer Treatment Plant Operator	Former Mayor Wendy O'Quin Perrette, Mayor Truong	Due to the unique and rare certifications needed to run a Municipal Sewer Treatment Plant, Mayor Perrette's decision to hire a retiree within the 24 month prohibition window was driven by public safety and public health considerations. The Administration will seek an Ethics Opinion in order to determine compliance with City Charter. The City now has annual Ethics training for all City employees.
5.2019	Non Compliance	Former Mayor Wendy O'Quin Perrette, Mayor Truong, Former and Current City Council	As the current Mayor had no transition with the outgoing administration, his Administration was unaware to the extent that the City had not complied with Fiscal Administrator's 3 year plan. It was provided to his administration in the fall of 2023 by Mr. Waguespack. The Administration implemented the changes and the Council amended the budget and reversed the aforementioned changes. Review and compliance will require cooperation and concurrence from the City Council.

Retirement Contributions

City Failed to Produce Public Records

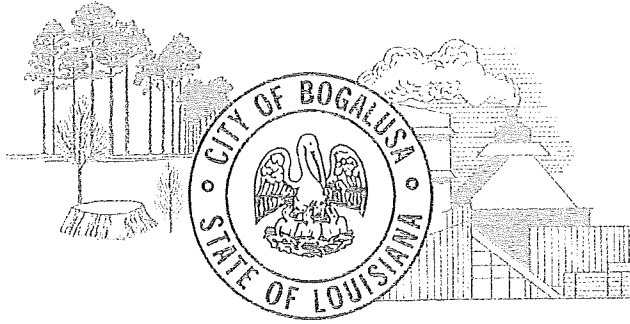
Misclassification of City Workers

Delinquent Utility Accounts

City Vehicle

Ethics

Fiscal Review Plans



# CITY OF BOGALUSA

Administrative Offices • Post Office Drawer 1179 • Bogalusa, LA 70429-1179  
Phone: (985) 732-6200 Fax: (985) 732-6245 www.bogalusa.org

February 23, 2023

Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North 3rd St. (70802)  
P.O. Box 94397  
Baton Rouge, LA 70804-9397  
*Via facsimile*  
Fax: 225-339-3870

Re: Notification pursuant to Louisiana Revised Statute 24:523

Dear Mr. Waguespack:

I write as the newly elected Mayor of Bogalusa. My administration took office on January 4. I have reasonable cause to believe that there was a misappropriation of public funds or assets of the City of Bogalusa under the prior administration. I understand my legal obligation it to immediately report this to you pursuant to Louisiana Revised Statute 24:523. Please accept this as my formal notification.

1. Destruction of records

All data in the computer of the chief financial officer was deleted between December 30 and December 31, including all data on the server. In the attempt to restore from an iDrive backup, we learned that only three computers of approximately 70 within the City are backed up at all. There is no e-mail archiver, and for the majority of staff, a deleted e-mail or document is unrecoverable.



Six 96-gallon containers of documents were given to Shred-It to destroy on December 28, 2022. No documentation has been found to identify the documents destroyed, despite the City having a Document Retention Plan with the State Archivist which would require the City to obtain permission for such an act.

We reported the destruction to the State Archivist and we sequestered the computers of the chief financial officer, whose title is Chief of Administration, along with the computers of the Mayor, Deputy Chief of Administration and Director of Purchasing. We believe forensic review of those computers should occur.

2. Non-emergency contracts

The outgoing Mayor had completed three terms in office prior to this transition. After losing her bid for re-election, we are told that she called all of the directors together and told them to "fix everything." This began a series of "emergency" no-bid projects being authorized in November and December. We have been unable to locate contracts corresponding with all of the projects though continue to look.

The outgoing Mayor did not provide a budget as required by the City Charter, but she did provide a report to the Council of the City's financial position through the end of October. This reported projected a budget short fall before the emergency contracts were awarded.

3. Bonuses

On December 30, the outgoing Mayor provided 10% bonuses to all employees, including herself. She has since returned her bonus check. The total cost to the City was approximately \$500,000. She justified these bonuses as ARPA premium pay, however no evidence of calculation of that pay can be found. The mere fact that all employees received it, and in equal measure, indicates that no such calculation was made. This was paid to employees exempt from the FSLA overtime provisions. This was paid to employees who teleworked from a residence. The Treasury limitation of \$13 per hour cannot be calculated as no hours were provided. It was simply 10%.

Were ARPA funds misused in this way, there would necessarily be a recovery of these funds by the Federal Government from Bogalusa, further adding to the City's financial pressures. However, the state of the books left behind do not allow us to determine whether these funds were paid by ARPA or simply from the General Fund. Most likely these were paid from the General Fund. If paid from the General Fund, while not triggering Federal concerns, this bonus violates the State prohibition for public servants to receive bonuses. Under either explanation, there is a problem.

4. Financial transactions

The City stopped maintaining current books as of November 1, 2022. Sales taxes were not reconciled after October 2022. \$2.2 million dollars in ad valorem tax payments for 2022, which form part of the City's budget for 2022, were found in the

City vault on January 4, 2023. They had not been deposited. Tens of thousands of dollars of checks and cash have been found in various drawers and on desks.

The City stopped paying many of its vendors in November of 2022. Gas, electric and cellular utilities were all scheduled for disconnect when we arrived. Cellular utilities were in fact disconnected, resulting in City water meter readings going offline. This in turn led to citizens receiving inaccurate water bills.

Multiple interfund transfers were made during the last two days of the year, with little explanation. The fund balances left after these transfers disagree with the actual cash on hand in each of the City's accounts.

We are working hard with outside experts to rebuild our financial database and harden our IT infrastructure. We project that revenues will exceed expenditures in 2023 based upon historic projections of our known sources of revenue and class of expense. We have sufficient cash on hand to fund our operations. We are challenged to make sense of what happened financially during the last two months of the year due to the combination of missing documentation and lack of recordation within the financial system. We are asking for the Bogalusa City Council's authority to hire an outside audit firm to close the last two months for us.

We will be happy to work with your office or anyone you direct us should you decide to investigate any of the foregoing.

Sincerely,



Tyrin Z. Truong  
Mayor

## **APPENDIX B**

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City Council's Response



From: "Kenny Kellis" [REDACTED]  
To: "Tanya Phillips" [REDACTED]  
Date: 07/08/2024 10:31 AM  
Subject: Audit Response

Dear Mrs. Phillips

We are writing in response to the audit report presented to the Bogalusa City Council. We have thoroughly reviewed the findings outlined in the report and taken them into serious consideration. It is our utmost priority to address and rectify the highlighted issues to ensure the City of Bogalusa's full compliance with all regulations and standards.

We are committed to working diligently to address the areas of concern and to implement the necessary corrective measures. Our goal is to uphold the highest standards of governance and accountability in managing the city's finances and policies. We understand the importance of ensuring effective government for our city and are dedicated to making the required improvements. We have been faced with some extenuating challenges over the past 18 months and are working to address some of the city's charter violations as well as addressing legal assistance issues.

We appreciate the valuable insights provided in the audit report and welcome any further guidance or support from your esteemed office as we proceed with our compliance efforts.

Thank you for your attention to this matter.

Sincerely,

Bogalusa City Council  
Kenny Kellis, President



## APPENDIX C

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Other Responses  
*Wendy Perrette – C.1*  
*Don Jones – C.15*





June 22, 2024

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Re: City of Bogalusa

Dear Mr. Waguespack:

Please accept this as the prior administration's response to the City of Bogalusa's audit report findings.

For the ARPA Fund, the City's original 2022 budget adopted by the City Council in December 2021 included \$2,127,390 in revenue and \$2,000,000 in water/sewer improvements. This was amended in the 2022 revised budget that was adopted by the City Council on November 15, 2022. The revised amounts were \$1,550,000 in ARPA revenue and \$1,550,000 in transfers to the Street Improvement Fund. At the time the revised budget was prepared, \$1,350,000 had been transferred to the Street Improvement Fund, and it was estimated that an additional \$200,000 would be transferred by the end of the year, resulting in transfers of \$1,550,000 per the revised budget.

The entire amount received was not included as revenue because per the 2021 audited financial statements, the amount received is actually recorded as unearned revenue on the balance sheet until it is used. At the end of 2021, the unearned revenue balance per the audited financial statements was \$2,127,391 (see Exhibit 1). It was originally budgeted that these funds would be considered revenue in the year received but that was incorrect. This was corrected and decreased to the revised amount of \$1,550,000 since at the time the budget was prepared, it appeared that this was what would be used. The additional funds received of \$2,130,856 in October 2022 should have also been recorded as unearned revenue on the balance sheet and not included as revenue until it was used. Therefore, it should not have been budgeted as revenue. We do not have access to the accounting records, and the 2022 audited financial statements have not been completed, so we have no way to confirm if this was the case.

Regarding the Prohibited Bonus Pay, the Employee Pay Raise Sales Tax Fund was created by a 1978 tax levy of 1/2 cent sales/use tax approved by referendum. The tax levy is indefinite and is dedicated to paying salaries and benefits in connection therewith for City employees.

In November, 1989, Ordinance No. 1436 was adopted which authorized the Mayor to disperse excess funds above \$25,000 in the Employee Pay Raise Sales Tax Fund to all City employees annually in the month of November. This ordinance gave the City the ability to pay what they called the yearly "sales tax bonus". Unfortunately, the City has been unable to give this to the employees because there were no excess funds after paying all salaries and benefits. The City decided to use some of the ARPA money to actually provide this to the employees since they had not had this benefit for years.

The final ARPA rules allowed for the election to treat the funds as lost revenue and did not require any proof of actual lost revenue. See Exhibit 2 for an article regarding this. The City made the election on April

29, 2022. See Exhibit 3 which was printed May 2, 2022. As of that date, no funds had been withdrawn from the ARPA Fund. The first draw from the ARPA funds occurred on August 10, 2022. See the bank statement at Exhibit 4 and the general ledger for the ARPA Funds expenditures at Exhibit 5. This shows all the transfers out of the fund through October 23, 2022 (the last date we have available). It also shows that no transfers were made prior to making the election for the funds to be considered lost revenue.

Being that the City had an ordinance to provide a “sales tax bonus” from the Employee Pay Raise Sales Tax Fund and because the City elected to have the ARPA funds be treated as lost revenue, we believe that the City did not make prohibited payments to employees. Before the payment was made, we consulted with an outside CPA firm, and they assured us we could make the payment. We would not have done it without being sure it was allowed.

Regarding all the budget issues, the prior administration is aware that we did not provide a timely budget for 2023. This was due to the fact that there was no way to budget for the payroll changes that were anticipated to be made by the current administration. Payroll is the largest expenditure for the City. Any budget that would have been prepared would have been not been an actual representation of the anticipated expenditures. By state law, if a budget is not adopted by the start of a new fiscal year, the City could operate on 50% of its last adopted budget. Therefore, the new administration had approximately 6 months to provide its own budget. The 2023 budget should also show a final budget for the year 2022. By the time the 2023 budget was adopted by the current administration, they should have had all the information to accurately revise the 2022 final budget.

If you have any questions or concerns regarding the previous administration, please let me know.

Sincerely,

Wendy O’Quin-Perrette  
(former Mayor, City of Bogalusa)

**EXHIBIT 1**

**CITY OF BOGALUSA, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

	<u>General</u>	<u>American Rescue Plan Grant - Special Revenue Fund</u>	<u>Airport Expansion Capital Projects Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,110,097	\$ 2,127,708	\$ 73	\$ 2,136,159	\$ 6,374,037
Property taxes receivable	490,238	-	-	208,087	698,325
Accounts receivable	424,840	-	1,146,055	428,300	1,999,195
Due from other funds	525,458	-	27,534	19,682	572,674
Inventory of supplies	12,514	-	-	-	12,514
<b>TOTAL ASSETS</b>	<b>3,563,147</b>	<b>2,127,708</b>	<b>1,173,662</b>	<b>2,792,228</b>	<b>9,656,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,563,147</b>	<b>\$ 2,127,708</b>	<b>\$ 1,173,662</b>	<b>\$ 2,792,228</b>	<b>\$ 9,656,745</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 618,108	\$ -	\$ 994,169	\$ 852,753	\$ 2,465,030
Accrued expenses	275,934	-	-	18,738	294,672
Due to other funds	27,584	-	179,493	309,226	516,303
Unearned revenue	-	2,127,391	-	5,000	2,132,391
<b>TOTAL LIABILITIES</b>	<b>921,626</b>	<b>2,127,391</b>	<b>1,173,662</b>	<b>1,185,717</b>	<b>5,408,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	89,030	-	-	42,351	131,381
<b>FUND BALANCES</b>					
<b>Non-spendable:</b>					
Inventory of supplies	12,514	-	-	-	12,514
<b>Restricted for:</b>					
Debt service	-	-	-	165,471	165,471
Capital projects	-	-	-	530,088	530,088
Maintenance	-	-	-	164,979	164,979
Special programs	36,267	317	-	703,622	740,206
<b>Committed:</b>					
Park	37,237	-	-	-	37,237
Police forfeitures	394	-	-	-	394
<b>Assigned:</b>					
Sitel	276,770	-	-	-	276,770
<b>Unassigned</b>	<b>2,189,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,189,309</b>
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>2,552,491</b>	<b>317</b>	<b>-</b>	<b>1,564,160</b>	<b>4,116,968</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 3,563,147</b>	<b>\$ 2,127,708</b>	<b>\$ 1,173,662</b>	<b>\$ 2,792,228</b>	<b>\$ 9,656,745</b>

The accompanying notes are an integral part of this statement.



## EXHIBIT 2

ARP ALLOWABLE USES

TRAINING & OFFICE HOURS

UNIFORM GUIDANCE

FAQ

BLOG POSTS

DOCUMENT SHARE

# Revenue Replacement

A local government may expend Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) on a broad range of general government services under the Revenue Replacement allowable use category. There are two ways to proceed under this category: a unit may either elect to take

Importantly, by electing the standard allowance and spending CSLFRF funds as revenue replacement does not convert CSLFRF funds into general revenue funds. The CSLFRF funds remain grant funds and must be expended in compliance with the the grant award terms and conditions.

- **May a local government elect the Standard Allowance if it did not experience any revenue loss?** Yes; there is no requirement to prove a loss in revenue. Treasury will presume that each jurisdiction experienced up to \$10 million in lost revenue. If a local government received less than \$10 million in CSLFRF funds, it may take the Standard Allowance for the full amount it received. For example, if a local government received \$1.2 million, it may expend up to \$1.2 million as revenue replacement.
- **If a local government elects the Standard Allowance does it have to spend all of its CSLFRF funds in the Revenue Replacement category?** No. Electing the Standard Allowance just indicates the maximum amount a local government may spend in the Revenue Replacement category, but it does not require a local government to spend all, or even any, of its CSLFRF funds in the Revenue Replacement category.
- **Are CSLFRF funds expended under the Revenue Replacement category subject to the Uniform Guidance?** Likely, yes. As of 4/5/2022, Treasury has not exempted funds expended for general government services under the Revenue Replacement category from the Uniform Guidance. The safest bet is to assume the Uniform Guidance applies until Treasury says otherwise.
- **What are the benefits of expending CSLFRF on general government services in the Revenue Replacement category?** A general government service includes any service traditionally provided by government that a local government has state law authority to engage in, including public enterprise activities. Spending funds in the Revenue Replacement category allows a local government to undertake a wide array of potential expenditures, including within this covering the salaries and fringe benefits of local government employees; park

- modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
  - health services; environmental remediation; school or educational services; and
  - the provision of police, fire, and other public safety services (e.g., purchasing a fire truck or police vehicles, purchasing other equipment, covering salaries of public safety personnel).
- **Is there a strategic way to expend CSLFRF funds (i.e., how do we make the best use of funds and trigger the fewest compliance requirements)?** A local government may choose to allocate CSLFRF funds to those projects and expenditures that will trigger the fewest Uniform Guidance compliance requirements, thereby limiting the administrative burden. For example, instead of purchasing new police vehicles, which would trigger UG procurement and property management standards, a local government may opt to fund personnel salaries. In doing so, the unit will have freed up general fund revenue that would have otherwise been used to pay for salaries. This additional general fund revenue could then be expended on the purchase new police vehicles, which would only trigger state law procurement and property disposal requirements.
  - **May CSLFRF funds be spent to cover employee salaries and fringe benefits?** 2 C.F.R. 200.430 & .431 authorize a local government to spend Federal grant funds to cover employee salaries and fringe benefits when certain conditions are met. Specifically, salary expenditures must be reasonable and fringe benefits are allowable only if a specific covered benefit is required by law or provided as part of an established policy. Allowable fringe benefits may include: covering leave during authorized absences (annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave); employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance; individual retirement account contributions, and similar benefits. Although the Uniform Guidance allows pension plan contributions, the terms and conditions of the [\*ARP award expressly prohibit lump sum deposits into pension funds.\*](#) Contributions to individual employee retirement accounts are allowable.

- **May a unit combine CSLFRF with other revenue sources to fund a project?** Yes. Treasury allows the “blending and braiding” of funds to complete eligible projects. Recipients may undertake projects on their own using various revenue sources, pool funds with other recipients, or contract with a subrecipient to complete eligible projects. Importantly, CLFRF may not be used to fund debt services or cover borrowing costs. When completing a capital project, CLFRF can fund the cash portion of the project (the “pay-go” portion), but other revenue sources must fund any debt or borrowing costs.
- **May CSLFRF funds available under the Revenue Loss category be used to meet the non-federal match or cost-share required of other federal programs?** Yes, funds under the Revenue Loss category generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. CSLFRF funds may not be used as the nonfederal share for purposes of a state’s Medicaid and CHIP programs. CSLFRF funds in the other eligible use categories may not be used to meet the non-federal match or cost-share requirements of other federal programs, [unless specifically provided for by statute](#).

[American Rescue Plan Act of 2021: Coronavirus State & Local Fiscal Recovery Funds Final Rule — Spending Funds for General Government Purposes](#)

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Knapp-Sanders Building

Campus Box 3330

UNC Chapel Hill

Chapel Hill, NC 27599-3330

T: 919.600.7874

[Log in](#)



### EXHIBIT 3

## Report

### Revenue Replacement

Is your jurisdiction electing to use the standard allowance of up to \$10 million, not to exceed your total award allocation, for identifying revenue loss?	Yes
Revenue Loss Due to Covid-19 Public Health Emergency	\$4,254,781.68
Were Fiscal Recovery Funds used to make a deposit into a pension fund?	No
Please provide an explanation of how revenue replacement funds were allocated to government services	To date, the funds have not been allocated to any government service.





Date 8/31/22  
 Primary Account  
 Enclosures

Page 1

CITY OF BOGALUSA  
 AMERICAN RESCUE PLAN  
 P O BOX 1179  
 BOGALUSA LA 70429-1179

CHECKING ACCOUNTS

The "Electronic Funds Transfers-Your Right and Responsibilities" disclosure issued to customers who opened accounts prior to July 2022 did not address the allowable maximum number of transactions per day. For all deposit accounts, a customer is not to exceed 15 transactions per day between Point-of-Sale (POS) and Automated Teller Machine (ATM) transactions

PUBLIC FUND CHECKING		Number of Enclosures	0
Account Number	[REDACTED]	Statement Dates	8/01/22 thru 8/31/22
Previous Balance	2,128,326.20	Days in the statement period	31
Deposits/Credits	.00	Average Ledger	1,934,777.81
2 Checks/Debits	400,000.00	Average Collected	1,934,777.81
Maintenance Fee	.00	Interest Earned	82.16
Interest Paid	82.16	Annual Percentage Yield Earned	0.05%
Ending Balance	1,728,408.36	2022 Interest Paid	700.15

DEPOSITS AND CREDITS

Date	Description	Amount
8/31	Interest Deposit	82.16

CHECKS AND CHARGES

Date	Description	Amount
8/10	Transfer from [REDACTED] to [REDACTED] ARPA/Streets	200,000.00-
8/24	Transfer from [REDACTED] to [REDACTED] ARP/Streets	200,000.00-

DAILY BALANCE SECTION

Date	Balance	Date	Balance	Date	Balance
8/01	2,128,326.20	8/10	1,928,326.20	8/24	1,728,326.20



Date 8/31/22  
Primary Account  
Enclosures

Page 2

CITY OF BOGALUSA  
AMERICAN RESCUE PLAN  
P O BOX 1179  
BOGALUSA LA 70429-1179

PUBLIC FUND CHECKING

[REDACTED] (Continued)

DAILY BALANCE SECTION

Date	Balance
8/31	1,728,408.36





Bogalusa, LA

# Detail Report Account Detail

Date Range: 01/01/2022 - 10/23/2022

Account	Name				Beginning Balance	Total Activity	Total Debits	Total Credits	Ending Balance	
<b>Fund: 57 - AMERICAN RESCUE PLAN</b>										
<a href="#">57-00-385009</a>	Interest Earned				0.00	-761.12	0.00	761.12	-761.12	
<b>Post Date</b>	<b>Packet Number</b>	<b>Source Transaction</b>	<b>Description</b>	<b>Vendor</b>			<b>Debits</b>	<b>Credits</b>	<b>Running Balance</b>	
01/31/2022	GLPKT12133	JN12613	January interest				90.36		-90.36	
							<b>Activity for January, 2022:</b>	<b>0.00</b>	<b>90.36</b>	<b>-90.36</b>
02/28/2022	GLPKT12136	JN12617	February interest				81.61		-171.97	
							<b>Activity for February, 2022:</b>	<b>0.00</b>	<b>81.61</b>	<b>-81.61</b>
03/31/2022	GLPKT12453	JN13469	March interest				90.36		-262.33	
							<b>Activity for March, 2022:</b>	<b>0.00</b>	<b>90.36</b>	<b>-90.36</b>
04/30/2022	GLPKT12479	JN13541	April interest				90.37		-352.70	
							<b>Activity for April, 2022:</b>	<b>0.00</b>	<b>90.37</b>	<b>-90.37</b>
05/31/2022	GLPKT12580	JN13656	May interest				87.45		-440.15	
							<b>Activity for May, 2022:</b>	<b>0.00</b>	<b>87.45</b>	<b>-87.45</b>
06/30/2022	GLPKT12687	JN14034	June interest				87.46		-527.61	
							<b>Activity for June, 2022:</b>	<b>0.00</b>	<b>87.46</b>	<b>-87.46</b>
07/31/2022	GLPKT12818	JN14243	July interest				90.38		-617.99	
							<b>Activity for July, 2022:</b>	<b>0.00</b>	<b>90.38</b>	<b>-90.38</b>
08/31/2022	GLPKT12924	JN14393	August interest				82.16		-700.15	
							<b>Activity for August, 2022:</b>	<b>0.00</b>	<b>82.16</b>	<b>-82.16</b>
09/30/2022	GLPKT13027	JN14803	September interest				60.97		-761.12	
							<b>Activity for September, 2022:</b>	<b>0.00</b>	<b>60.97</b>	<b>-60.97</b>
<a href="#">57-00-900099</a>	Transfer to Street Improvement				0.00	1,350,000.00	1,350,000.00	0.00	1,350,000.00	
<b>Post Date</b>	<b>Packet Number</b>	<b>Source Transaction</b>	<b>Description</b>	<b>Vendor</b>			<b>Debits</b>	<b>Credits</b>	<b>Running Balance</b>	
08/10/2022	GLPKT12817	JN14241	ARPA/Streets				200,000.00		200,000.00	
08/24/2022	GLPKT12855	JN14315	American Rescue Plan/Streets				200,000.00		400,000.00	
							<b>Activity for August, 2022:</b>	<b>400,000.00</b>	<b>0.00</b>	<b>400,000.00</b>
09/09/2022	GLPKT12908	JN14361	ARPA/Streets				100,000.00		500,000.00	
09/09/2022	GLPKT12908	JN14362	ARPA/Streets				200,000.00		700,000.00	
09/15/2022	GLPKT12914	JN14371	ARPA/Streets				200,000.00		900,000.00	
							<b>Activity for September, 2022:</b>	<b>500,000.00</b>	<b>0.00</b>	<b>500,000.00</b>
10/13/2022	GLPKT13055	JN14916	ARPA/Streets				300,000.00		1,200,000.00	

# EXHIBIT 5

**Detail Report**

Date Range: 01/01/2022 - 10/23/2022

Account	Name			Beginning Balance	Total Activity	Total Debits	Total Credits	Ending Balance	
<a href="#">57-00-900099</a>	Transfer to Street Improvement - Continued			0.00	1,350,000.00	1,350,000.00	0.00	1,350,000.00	
Post Date	Packet Number	Source Transaction	Description	Vendor		Debits	Credits	Running Balance	
10/21/2022	GLPKT13083	JN14980	ARPA/Streets			150,000.00		1,350,000.00	
					<b>Activity for October, 2022:</b>	<b>450,000.00</b>	<b>0.00</b>	<b>450,000.00</b>	
<b>Total Fund: 57 - AMERICAN RESCUE PLAN:</b>					<b>0.00</b>	<b>1,349,238.88</b>	<b>1,350,000.00</b>	<b>761.12</b>	<b>1,349,238.88</b>
<b>Grand Totals:</b>					<b>0.00</b>	<b>1,349,238.88</b>	<b>1,350,000.00</b>	<b>761.12</b>	<b>1,349,238.88</b>

# EXHIBIT 5

Detail Report

Date Range: 01/01/2022 - 10/23/2022

## Fund Summary

Fund	Beginning Balance	Total Activity	Total Debits	Total Credits	Ending Balance
57 - AMERICAN RESCUE PLAN	0.00	1,349,238.88	1,350,000.00	761.12	1,349,238.88
<b>Grand Total:</b>	<b>0.00</b>	<b>1,349,238.88</b>	<b>1,350,000.00</b>	<b>761.12</b>	<b>1,349,238.88</b>

6/27/2024

Mr. Waguespack,

Please accept this as my response to the City of Bogalusa's audit report findings.

While I do not have access to the accounting records and the 2022 audited financial statements which have not yet been completed, we have no copy of the original contract to confirm the actual contractual relationship between Mr. Jones and the City of Bogalusa post-retirement. However, in an attempt to respond fully and to further clarify I offer the following:

Upon the election of the Truong administration, I attempted to work within my new position as sewer treatment plan operator. I found it to be very difficult and after twenty-six (26) years I chose to retire from the City of Bogalusa. I was contacted by Rob Wallace (Public Works Director) and offered a new position post-retirement that was not related to my prior job as sewer treatment plan operator. Admittedly my pay did increase from \$30.00/hr. to \$34.00/hr, this was primarily to cover the difference in my health insurance. I was hired as a consultant allegedly because I am the only person with the city certified to perform those sewer treatment plant tasks. In fact, I was not the only person certified to perform those tasks. Mr. Pat Patke, licensed level 2 sewer treatment plant operator who is working on his level three, was terminated by the administration just prior to my decision to resign.

I emphatically state that I was not hired to work as the sewer treatment plant operator, however, as a twenty-six-year experienced employee of the City of Bogalusa, I did find it usually more convenient to the City to help in shooting grades, finding culverts, waterlines, and valves.

I was reassured that my new position post-retirement was not related to my prior job as sewer treatment plant operator.

If you have any questions or concerns regarding my prior employment for my post-retirement employment with the City of Bogalusa, please let me know.

Sincerely,



Don Jones

