

CITY OF SHEPHERDSVILLE
SPECIAL MEETING
Monday, February 6, 2012

Special meeting of the City Council to discuss revenue and expense numbers as related to the 2012 budget and adjourn to executive session to discuss personnel.

In attendance were Council members Bernie Brown, Don Cundiff, Larry Hatfield, Corky Miller, Faith Portman.

Mayor Ellis called the meeting to order at 6:00 and stated the purpose for the meeting was to discuss the general fund and sewer fund budget numbers and also for an executive session matter concerning personnel.

Faith Portman made motion to adjourn to executive session to discuss a personnel issue. Corky Miller 2nd. Motion carried 5-0-1 absent. Mayor Ellis stated he would like to invite Angie Weilage into executive session to discuss this personnel matter.

Don Cundiff made motion to return to regular session. Faith Portman 2nd. Motion carried 5-0-1 absent.

City Attorney Wantland: Mr. Mayor and Council the Mayor has given instructions to the individual who was invited into the meeting. She will follow up on the instructions and report back to the Mayor for report at our next Council meeting. No other action was taken.

Mayor Ellis asked is everyone had the general fund numbers and sewer fund numbers in front of them. We'll give everyone a couple minutes to look over them before we open the floor for discussion.

Larry Hatfield asked why Mr. Hance was not here. Mayor Ellis stated he has bronchitis and started a new medication today and it made him sicker. Bernie Brown asked who was going to be in a position to answer questions. Mayor Ellis stated he was going to try to answer as many as he could based on the conversations he had with Tim earlier. Bernie Brown: As far as the general fund goes. This is the first time I've seen this set. And I'm not prepared to really discuss or ask many questions about it tonight so from my standpoint I'm going to need a few days to look it over. The Sewer fund is different. Don Cundiff asked if everything has been input at this point. Mayor Ellis stated the expenses came from QuickBooks. That's where the expenses for this report came from. All the revenue came from there and also from bank statements and bank records. Expenses did come from QuickBooks. Don Cundiff asked if there were any invoices that have not been entered into the QuickBooks system that are not reflected here. That's what I'm trying to find out. City Clerk stated January is not is but he only went through 6 months. We don't have January revenue yet because the bank statements are not it. So he has everything that we've gotten for the first 6 months is in here. Bernie Brown: You're talking about the sewer. Mayor Ellis answered on both. Larry Hatfield asked why on the July P&L that he received in November; why does it not have the same thing as the July that I received last Friday as far as net income. The one that I received in November for July's P&L shows a sewer profit of \$39,037.65. The one that I received Friday shows a loss of \$69,622.09. Mayor Ellis asked the one he received in November? Larry Hatfield: Yes. Mayor Ellis stated he may not have had all the information in there in November that he has in there as of this past Friday. Larry Hatfield: That is not what Mr. Hance told me and I'm really aggravated that there's no one here so I think the best thing is probably going to do is wait. I want Mr. Hance here and I want a representative from his company here. Bernie Brown and Faith Portman agree. Don Cundiff: Like Larry says it's kind of ridiculous when there's nobody here that really knows to discuss all the information that's been input here. Bernie Brown asked if Mr. Hance was here today. Mayor Ellis stated he was here but left shortly before noon. City Clerk stated he came back and left about 4:30. He came in to work on some more stuff but he was not feeling well. Bernie Brown stated he was here yesterday too. I tell you what. I think this is a serious issue. We simply have to know about the finances and where we stand in relation to the budget. We're now going into the 8th month of this fiscal year. We cannot keep on

doing this. Don Cundiff: Personally one of the reasons I thought we hired him to start with was to get it put in here so he could go over it with us and give us a clear picture where we are. I think it's a waste of our time to sit here when he's not even available to be here for us to ask questions. I was envisioning him walking us through where we are and what he's done. I mean if he's sick I understand that but I think we need to make arrangements when he can be here. Unless you have something specifically he told you. Mayor Ellis stated he told me basically like I was telling you in the hallway where to look at on here to see where you're at on the profit and loss for the six months on the general fund. Bernie Brown: The burden for getting accurate financial information does not rest on Tim Hance really. I mean he was brought in here to help do that. The duty and responsibility falls on you Mr. Mayor really, it does you and your staff. Larry Hatfield: Does anyone know why that we have to double the budget numbers? Why the budget numbers cannot be entered in there as what the budget was? City Clerk: He did it for six months so you could compare six months. It's a six month report. He's cut the numbers in half. Mayor Ellis: And showed where we are for the six months. Larry Hatfield: Does anybody know why from the P&L I got in July that I was told was right why the line items have been changed. The July report has a code number 410 Sewer Revenue \$183,848.05. The P&L I received Friday has a line item code of 4012 with \$203,627.35. Why have we already changed codes within November, December and January? Corky Miller: Larry that's the same question I was going to ask because I thought the codes that you people put in the budget when you made it would be the same code numbers that would go in it now. In looking at it, it's not so I don't know why those code numbers were changed. City Clerk: He's sitting up a new chart of accounts. It's supposed to be easier once we get it in there but the chart of accounts are not going to be what they were in KVS. The way he's sitting them up in QuickBooks is entirely different. That's why the account numbers are not the same. Don Cundiff: So when the budget is done next time will they match up then? Will all of these be the same in the future?? City Clerk and Mayor: Yes. Larry Hatfield: I was told this was QuickBooks. The Profit and Loss statement that I got in November for July, August and September I was told is QuickBooks. I want Mr. Hance here and I want a representative from his company. There's no since us sitting here and arguing about it. I'm not happy with it. I'm not satisfied with it. I called over here and asked him a question Tuesday; he would not answer my question. I didn't appreciate that. So we'll just wait until he's here and a representative from his company as far as I'm concerned. Bernie Brown asked how long are you willing to wait. Larry Hatfield: Whenever he feels better. We've got to get it and get it done. Bernie Brown: He was here yesterday I believe in the afternoon. Faith Portman: Can we assume that he'll be better by Monday and meet at our regular meeting? City Clerk: He's on this medicine that toward the end of the day; he tells me 5:30 he gets sick to his stomach and nauseous. I'm not sure he's going to be able to make a night time meeting. I just don't know that he can right now until this medicine get more into his system. Don Cundiff: Is this something he's got to stay on for a while? City Clerk: I don't know. Mayor Ellis: This is something to do with the bronchitis. Corky Miller: We need to call Accountemps and ask them to send a substitute out here for him to put in an 8 hour day to see if they can get this completed. After all the man, if he's sick, I can see why he's going slow and maybe screwed up some things but we've been paying Accountemps too and they need to come to a little bit of assistance too. Because they've been getting just as much money as he has. Bernie Brown: Larry I talked to Mr. Hance on the 13th of January also and I found him to be the same way. He didn't have time to talk to me. I asked him if he was working on the financial issues data. He said no I'm working on another project, when I get done with that then I'll get back on the financial issues. I told him them it was a very important critical issue. So it's not being perceived as being very urgent. Don Cundiff: Should we plan an earlier meeting next Monday so we can discuss this before the meeting? Larry Hatfield: Well there's a lot of people that showed up here tonight and I think we need to make a decision tonight for these people that's taken time out of their Monday night. Bernie Brown: If the reports we got on the 2nd of February are correct do you know Mayor if Tim Hance feels like these are correct? Mayor Ellis: Tim Hance feels those are accurate. Yes. Bernie Brown: If they are I think there's enough information there to start work on amending the Sewer budget. And I think we need to get started on that immediately and get that amended as soon as possible. There are some real issues here. There are some line items that are already exceeded the budgets. So we do need to amend that budget. Mayor Ellis: He did tell me today that he feels these numbers are accurate. Bernie Brown: I wonder why we got the other reports in November that Larry was talking about. They weren't accurate? If he didn't feel like those were accurate they shouldn't have been distributed. So how are we to feel real cozy that these

are accurate? I hope they are but I think we have enough information to amend the budget on the sewer budget. Corky Miller: Those may not be accurate because bills can come in later and posted later. Bernie Brown: I don't think we can continue paying Accountemps \$2000 a week much longer. I think that has to be brought to an end. I think there's other people around that could come in and do this and get it done a lot quicker. Faith Portman: I don't see why Accountemps hasn't sent somebody to take over for him if he's been out sick. Wasn't he out for a week sick? Mayor Ellis: Yes. He's had pneumonia and now bronchitis. City Clerk: He hasn't missed work though. One day. Mayor Ellis: He usually comes in and closes his office door. He's been sick quite a while. Don Cundiff: Are we going to try to set up another time or what's the deal? Mayor Ellis: I think you definitely have to set up another meeting. And I would say next Monday. City Attorney Wantland stated he would like to be here and I know I will not be here next Monday that's why I suggested the 20th and if may take a while. Or any time this week. Bernie Brown: We're in the 8th month already of this fiscal year. Larry Hatfield: How about Wednesday night, 6:00. If he can't be here then somebody from that company can be here and I'm sure they can explain to me why I've got two different figures. Don Cundiff: I can't be here Wednesday but if that's the only time he can do it. Bernie Brown: I can't either really. City Clerk asked how somebody else can explain his work. Larry Hatfield: I would think he would be able to talk to them during the day and be able to tell them what he's done and why he's done it. Don Cundiff: The medicine that he's having trouble with is because of his bronchitis? Mayor Ellis: Yes. Don Cundiff: I wouldn't think he's going to be on that forever. Mayor Ellis: He just got put on it Friday afternoon. Bernie Brown: Do you happen to know how much we've paid Accountemps so far, either paid them or owe to them? Mayor Ellis asked the City Clerk what the last invoice on that one? City Clerk answered she did not know. Mayor Ellis stated he didn't have the invoice in front of him so he couldn't answer without it. We'll pull that in the morning and we can get it to everybody. Corky Miller stated he thought it was somewhere between \$22,000 and \$40,000. Bernie Brown: If I'm not mistaken it's in the neighborhood of \$50,000. Mayor Ellis stated he did not think it was that high yet but he would check. Bernie Brown: Well maybe \$48,000. I don't think the taxpayers are getting their money's worth. And I know we've got some decisions to make; some things to do. And we're going to be shooting in the dark if we don't have the accurate financial numbers. Does anybody disagree with that? Larry Hatfield: No. I can't say anymore. I am unhappy as hell right now. I don't know what you've got to do to get it done but I want to get it done. So when do you all want to have that gentleman here. Corky Miller: I'd like Joe to be able to be here when we have it. Bernie Brown asked if he could be here Thursday or Friday. City Attorney Wantland stated he could be here Thursday or Friday that's why I suggest Wednesday was fine by me. Larry Hatfield: Can we meet Thursday? Bernie Brown: Thursday is fine. Mayor Ellis: Thursday will work. Faith Portman: I can't be here until about 6:20 on Thursday but I can be here by then. You all can go ahead and start. Don Cundiff: I'm not sure but like I said if that's the only time we can do it. Corky Miller: I think one of the things we should do between now and Thursday though, Mayor I think you should be the conversation piece to him and all of us stay out of it. Larry Hatfield: So we're going to do it Thursday at 6:00? Mayor Ellis: Thursday at 6:00. Everybody okay with that? Larry Hatfield: I want to apologize to the public for this happening. I did not know until we got here. Bernie Brown recognized Steve Larimore with a question: I'm looking at the Sewer under contractor services; it says we've spent \$54,000 for 6 months. That would account for the Accountemps fees. So what about Angi's engineering fee? (Can't hear rest of comment.) Bernie Brown: I don't think that included Accountemps. That was not even budgeted that I know of. Steve Larimore: But it's spent. It doesn't matter if its budgeted. It shows it's over. Bernie Brown: Okay it was spent. Yeah it was over. Steve Larimore: So \$175,000 of the sewer fund, I don't know how much we're paying Angi and I apologize I don't know what company she works for but is our cost to them in here? Larry Hatfield: That was a question I had. No I do not see engineering in here. Steve Larimore: So your numbers are not right. So it doesn't do any good to meet anyway. Until they budget these numbers right and that's what we've been asking all along. To tell us what you've spent; how much you've brought in. This doesn't help any of us. Bernie Brown: Steve, we knew we that budget was adopted the 30th day of June 2011 we had serious doubts as to the accuracy of the numbers. But we went ahead and did what we could with the understanding ... Steve Larimore: I know Bernie but here's my point. This is your checkbook. What came in and what went out should be reflected in this. It's not. It's obvious that's its not. That's what we've been asking for the last 8 months. It's still not happened. We've been asking for 13 months. It's still not happened and you guys are

talking about pennies and nickels up there. I think there's a whole lot more than pennies and nickels that are spent in here. Mayor Ellis: Contractor services is Qk4, Angi Johnston. Accounting fees is Accountemps, Tim Hance. For 6 months. Now you have to figure the Qk4 is split between City and Sewer both. She doesn't just work for the sewer, she does City also. Steve Larimore: It's a \$350,000 contract? Mayor Ellis: Yes. Just for the 6 months on this one, \$54,000. Larry Hatfield: that's for the interceptor too. City Clerk stated under where it says budget on that sheet, multiply that by 2, that's what your budget number is for 2012. Then your number on the other side is what we've spent in the first 6 months. Those are only 6 month numbers. Corky Miller: When I contacted Tim, because you used the figure one time of February 1st. I said can you have this complete by February 6th without any problem. He said yes. I said you're sure of that. He said yes. That's the reason why we set this meeting up tonight. I think we would all understand more if he was here to explain to us what he did. I've looked at this thing for hours and can't get head or tails out of it in a lot of places. Faith Portman made motion to reconvene this meeting Thursday night at 6:00. Bernie Brown asked what the motion is exactly. City Attorney Wantland: To adjourn until 6:00 Thursday. Bernie Brown 2nd but we need to discuss what are we going to meet Thursday night and what are we going to get. What can we expect? Mayor Ellis stated he will ask for Tim Hance to be here and/or a representative from Accountemps here. Bernie Brown: So we're still not going to get the final numbers on the general fund necessarily on Thursday night. Is that right? Mayor Ellis: These are the final numbers on the general fund. He is standing behind these numbers right here and once he's here I think he'll be able to explain them to you a little bit better. Faith Portman: That's the problem, we don't understand them. Mayor Ellis: He is saying these numbers are correct. Bernie Brown: Didn't you understand that not all of QuickBooks had been entered into the general. Corky Miller: All the QuickBooks has not been put in Tammy's computer or Gayla's computer. Which makes this thing a little more difficult to communicate. I thought when I talked to him, and I didn't ask this, but I assumed that when we hired him the first thing he was going to do was get QuickBooks set up for everybody. So Tammy can enter into QuickBooks and him pick it up, record it and let the budget roll. I don't know why that's been so difficult but that's what I thought would happen at the very beginning. Bernie Brown: I know Tim Hance has spent a lot of time on the ADP payroll issues. Hasn't he? Mayor Ellis: Yes. Bernie Brown: That's not what he was brought in here for. And I wonder what has been the cost to the City for the ADP payroll problems. People need to know. We need to know on the Council. The public needs to know. Least that's my opinion. Larry Hatfield: Well if he tells me that these numbers are accurate then we can start amending the budget. Bernie Brown: I feel very confident we can amend the sewer budget right now. Larry Hatfield: It's showing a profit of \$450,000 for 6 months in the sewer fund. But the only question I've got to have answered, because I haven't looked at the general, is why was the revenue different and why was the line items changed. Faith Portman: Tammy said why the line items were changed. Don Cundiff: And when the budget is done this coming year they will match, right? Mayor Ellis: Yes. Bernie Brown: There's something else too, if I may. I know the principal of the bonds and notes, I know they don't show up on the P&L. but we do need to look at that too. Where is the principal? Where do we stand on the principal on both the KLC and the KIA? Bernie Brown: Tammy, the KLC is an annual payment isn't it? City Clerk: KIA is July and December. Bernie Brown: Are you all tracking that as to how much principal remains. How much has been paid, when the interest ... That's another thing on the sewer P&L report. I see there's quite a variation in interest payments from month to month. City Clerk: I can't answer that Bernie. I don't know why. Bernie Brown: There's nothing shown, and it won't be on the P&L I understand but where's the principal? And it won't be on the P&L I know that. That's just something that we've got to look at and we need to be planning and budgeting for it. Don Cundiff: Could we get a breakdown, like a separate sheet that would have all the bonds listed and the payments, how much and when they're due. Mayor Ellis answered yes. Larry Hatfield: These bank balances, there's not date on them, is that today? City Clerk: Yes. I'm sorry. City Attorney Wantland: Point of order, we have a motion and a second for Thursday night's meeting at 6:00. Vote was taken. 5-0-1 absent.

Larry Hatfield: So we're not going to adjourn, we're just recessing until Thursday, correct? Mayor Ellis: Yes, we will recess until Thursday night at 6:00. Larry Hatfield: And we're going to get somebody from the company here? Mayor Ellis: Yes. Don Cundiff: If for some reason they're not going to be here or Tim's not going to be here can we be notified ahead of time? Mayor Ellis answered yes.

Meeting recessed at 7:17 p.m.

R. Scott Ellis III, Mayor

Attest: _____
Tammy Richmond, City Clerk